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Does America Need a Social Democratic Movement?

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DOES AMERICA NEED A SOCIAL DEMOCRATIC MOVEMENT?

Social Democrats, US

A CONVERSATION ON OUR ECONOMY, OUR POLITY, OUR COMMUNITY

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Does America Need a Social Democratic Movement?

Edited by
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SOCIAL DEMOCRATS, USA

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PREFACE

On January 8-9, 1993, some 160 people gathered in Washington, DC to discuss a draft paper entitled "Why America Needs a Social Democratic Movement."

The paper summarizes the progress of a conversation in progress.

It sets out both some deeply held convictions and some tentative ideas. The new moment we have been speaking about has been constituted primarily by two events: the end of the Cold War and what is being called the second industrial revolution.

The end of the Cold War makes it possible for those who share a basic social democratic perspective but who differed sharply over America's international role during the Cold War period to begin talking to one another, to resume a conversation.

The paper speaks of us as survivors both of the Cold War and of the shipwreck of communism, now stepping ashore onto a new continent. The first piece of topography we encounter on this new continent is what some of the participants of the Little Rock economic summit called the second industrial revolution: a shift to new productive processes, a vast extension and refinement of the international division of labor, the globalization of commerce, investment, information and know-how and an intensification of the competition for markets.

In this new industrial revolution no single country has taken the leading role the way England did in the last industrial revolution. The United States, while

inventing much of the technology of this new revolution, has often fallen behind in the decisive area of production. Our trade imbalance and our fiscal deficit may be seen as a result of this lag; the decay of our infrastructure and our schools are among the causes of it. This revolution promises great increases in productivity and wealth; but like the first industrialization, it also brings suffering, and eliminates jobs, communities and institutions that have sustained our democratic way of life.

At the heart of the second industrial revolution is a transformation of the workplace in which rote, repetitive, physical work is being replaced by a more mental, flexible, cooperative labor. We agree with the new Secretary of Labor and with our friends at the Progressive Policy Institute about the importance of preparing the American work force for this new kind of labor.

To compete in the new environment, the new worker must prepare for a lifetime of learning and training; there will be little hope of retaining easily outmoded sinecures. Already, labor leaders such as AFL-CIO Secretary Treasurer Tom Donahue are speaking of a new cooperation among labor, management and government. Others, such as Steelworkers President Lynn Williams, have begun to define the new cooperation in practice.

All of these issues eventually send us back to the political arena. In that arena, there are oligarchic as well as democratic tendencies. But the 1992 national election campaign was the most democratic in a generation. The voters and citizens quite spontaneously forced the candidates and the political parties to discuss the issues, the matters that they cared about.

This spontaneous reaction to the candidates and political parties has put campaign reform on the top of the political agenda. Yet the term "special interest," or "interest group" suggests that our problems may be too deep to be resolved by elections alone: they seem to be rooted in weaknesses in our civic community.

The conference explored this crisis of citizenship: both the widespread sentiment that our civic identities derive primarily from ethnic origin or gender, and also the erosion of certain standards of social and personal responsibility. We explored what has happened to the institutions of our commonwealth: not just government, but intermediate institutions such as religious groups, neighborhood associations, schools, universities, labor and professional organizations, and our cultural institutions.

The paper presents some ideas about re-building the American commonwealth, stressing civil as opposed to group or ethnic rights, building a new civic culture through civic education, national service and industrial democracy. It also offers some ideas on developing a democratic international trade policy, and democratizing the international and domestic market systems. It calls for a re-examination of the original social democratic vision, a vision of social evolution through democratic politics. While that vision has had its greatest influence in Europe, it is also deeply implanted in the American dream.

Social democracy never envisioned that social progress would occur solely as an objective process in the economic realm. Nor did it imagine that it would be realized by the military exploits of conscious minorities, guiding the unconscious masses. Social democrats are

convinced that the direction society takes should in large part be decided in the arena of democratic politics.

And American politics still is shaped, as it was at the time of the Progressives and the New Deal, by groups of people with shared ideas. Our time has been shaped by the civil rights movement and New Left movements of the 60s, and then the New Right of the '70s and '80s. In the last election campaign, we may have seen the spontaneous beginnings of a citizens' movement for the '90s. If so, we are convinced that movement should take a social democratic direction.

The transcript reproduced here is based on audio tapes made during the discussion. The speakers' remarks, which were not reviewed by the participants, were edited lightly. This therefore should not be taken as a facsimile record.

A number of the observations by the speakers as well as comments from the audience helped sharpen and clarify the final paper which emerged as the companion piece to this publication. Therefore, the reader will find some references to the draft paper that do not appear in the same form in the final document.

Many individuals generously helped organize the conference and publish the results. We are especially grateful to Patrick Rayner, Wendy Sawitz, Sandra Stajka and Victoria Thomas for their technical assistance, and to my colleagues on the committee that planned the event: Marie Louise Caravatti, Rita Freedman, Penn Kemble, Sam Leiken, Ron Radosh and Don Slaiman.

Robert S. Leiken
July 1993

INTRODUCTION

Penn Kemble

Let me sketch some reasons why we felt that our subject is not of sentimental or nostalgic interest, but has a serious relevance to the political and the cultural situation that our country confronts today, as we enter the post-Cold War and the Clinton era. The first is the collapse of Soviet communism, and with it the moral and intellectual force of the communist idea everywhere. There is no end of pundits who argue that the collapse of communism also entails the end of social democracy, and all other forms of radical thought and possibility. We are drawn to the view that just the opposite is the case. Totalitarian communism imposed a crushing burden on the democratic left, a burden that stifled creative thought and civil discussion. With that burden lifted, we should be able to resume an intellectual and political enterprise that was nearly suffocated three quarters of a century ago.

It seems quite grand to speak in such sweeping historical terms, and grand (or grandiose) talk is one of the faults of the left that we still need to be wary of. But in our particular case, it may be justifiable to think in sweeping terms. The seizure of power by armed anti-democratic cadres of the Bolshevik revolution and the subsequent emergence of an international communist system, arguably for a time the most powerful military force and the most brutal political and economic system the world has known, was not a helpful thing to the humanistic and democratic socialism in whose name this monster claimed to speak. This is a matter that most of us understand well enough.

Because this curse has been lifted, however, there is no necessary reason to assume that one of its major victims, social democracy, can or should be revived. Not all wrongs can be made right, and sentimentality and nostalgia are never good reasons to embark on a political project. There has to be a real need for a social democratic movement in America today, a need that no other political group or community can or will fill. There also has to be an identifiable and substantial constituency for an American social democratic movement.

It is our sense, particularly in the aftermath of the Clinton election, that there is a place for a social democratic movement today, and that potentially it could be a very important place. It will take a lot of thought to fill that place, and a lot of effort. The following are some suggestions about the dimensions of the space that is open to a movement of the kind that we contemplate.

Social democrats are, above all, democrats. We have learned that great power centers directed from above, even when they are directed by the "best" people, or perhaps especially when they are directed by the "best" people, can become oppressive and destructive. We believe that democratic life requires the active, informed and organized participation of broad sectors of the population. This may sound like something of a cliché. But I think that if we look closely at American public life today, beneath its pervasive populist rhetoric there is a significant and perhaps even growing elitism.

There is certainly elitism in some quarters of the great corporate and financial centers, where politics is money and the influence it buys. To some in these sectors, as we saw in the last election, politics is often little more than a calculated attempt at dividing and

discrediting opposition. The wealth and privilege that accrue from economic activity -- I was tempted to say from private economic activity, but increasingly wealth and privilege derive also from "public" economic activity -- the wealth and privilege that accrue from economic activity are not subjected to a significant public accountability.

This elitism of economic power, as we saw in the last election, does not always prevail. But it is very powerful. It extends well beyond the Republican Party, and even the ranks of conservatism.

But there is also an elitism of the left, a paternalistic elitism, which afflicts both liberalism and other sectors of the left. This elitism can be seen in the bureaucracies of the welfare state, in the deterioration of some sectors of Democratic Party politics into a kind of *menage á trois*, involving big givers, consultants and the media. And if one listens ever so closely, one may hear traces of this elitism even in some of the new ideas that are wafting through Washington today.

It is sometimes suggested that what is wrong with our country can be set right by putting the better policy elites at the topmost levels of government and other social institutions; that our society can somehow be righted by a progressive kind of *dirigisme*. Another way to translate that French word *dirigisme*, someone suggested, might be "wonkocracy."

We have to be very sympathetic to the incoming political currents. They represent a tremendous step forward, and there are many people among them with whom we can have a very constructive and effective conversation. But I think that we also have to address the risk that if they are not linked to a popular base, if

they are not made accountable to a popular politics, some of these ideas could go awry, as so many experiments in "change" have in the past.

It is our concern about a popular base for progressive politics that brings us into alignment with another institution that desperately needs allies today: the American labor movement. Part of the defining character that an American social democratic movement must have is a close relationship to the American labor movement. We have this relationship in part because we are committed to the efforts of poor and working class and moderate income people to improve their standards of living, and to maintain a substantial degree of equality with others.

We are, unlike some, members or friends of the "really existing" labor movement, to borrow a term from our friends in Eastern Europe. The organized trade unions not only contribute to better living standards and decent working conditions for people in this country, they also still form the most important institution that involves lower income people in a democratic way in economic and civic affairs. Therefore trade unions must be a central element in any effort to recreate a popular politics in the United States.

Those of us who have been defenders of the labor movement for the past 20 years or so are quite familiar with the criticisms that are made of labor unions. Some of these criticisms deserve to be considered and discussed and even admitted. But so far none of these criticisms has refuted two central points. Trade unions remain the only institution in the country that consistently fights for economic equality and better living standards across a broad range of issues and institutions. Trade unions remain the only truly mass-based democratic institutions

of the country, institutions that have members and that organize them to participate in our civic life.

Another point that distinguishes us is that social democrats believe that society may limit or guide the operations of the economic market, and may use democratic government as a means to do it. There are other people, of course, who believe this. But they are not organized, they have no principled and coherent argument which they put forward to counter the principled and coherent arguments of the right or the irresponsible left.

Social Democrats are also a community of people, a community of values, a political movement that is concerned about cultural and moral questions, as well as hard political and economic issues. In the social democratic tradition one finds a genuine concern for values, an issue that was raised in the last political campaign. We have a somewhat different slant on it. But the community that brought forth such figures as Sidney Hook, Bayard Rustin, and A. Philip Randolph is one which embodies a strong moral and civic tradition.

Ours is not a movement that addresses only the cold blooded interests of politics and economics. Our movement has been one of the great educational and socializing forces in American society. If one goes through the ranks of many of the public institutions in our country, one finds people who were either formed by this movement or touched by it in some deeply influential way. Because social democracy is a moral tradition, we have some distinctive insights about the situation our country faces today.

We are troubled by the selfishness and greed that afflicted some quarters of American life in the decade

past, and certainly do today. We believe that people have a right to pursue wealth; we are not hostile to the idea of anyone's getting rich. But we know that there are other values that must be served, and that they can be endangered by too ravenous a pursuit of wealth.

We are also deeply concerned about the moral life of poor and working people: we refuse to deny the terrible disintegration of moral and civic life in some sectors of American society. We are quite aware that anyone who talks about issues of responsibility runs the risk of blaming the victims, or appearing to join in an attack on people who have been disadvantaged.

Our response is that those who seek to help people rise up from poverty in fact have the primary responsibility to criticize, and to try to improve, the moral and civic environment in which the poor live. Poverty is not -- especially today -- something to be remedied solely by more money or by a change in the social relations, although both are essential to the task. Unless the moral and civic culture are also addressed, it is not going to be possible significantly to improve the situation of poor and working people.

So we acknowledge that democracy and progress are harmed by crime and irresponsible and self-indulgent behavior among the poor and among working people, and we seek to mobilize the citizens of those communities, who themselves are the principal victims of such behavior, to help set things right. We believe that this view could be said to be a very "radical" one, and that those who hold it are the genuine left.

Finally, as social democrats we are internationalists. Today this too is a somewhat distinctive position to take in American life. In the primaries of the last election, both the right and the left offered the

temptation of a new isolationism: the argument that the United States should turn inward to solve its own problems. Now that the Cold War has lifted, they propose that America turn away from the responsibilities of world leadership.

Social democrats recognize that we live in a world where new financial power centers are emerging, where new governments are gaining strength. It is extremely important that there be an international politics of decency and democracy that curbs the excesses of these power centers, makes them accountable to people and ensures that they do not become platforms for assault upon societies such as ours.

These are some qualities that distinguish the social democratic current in American life today. We don't pretend that social democracy will easily become a dominant political movement in our society, but we do feel that it is now possible for us to be a much more effective movement than we have been in the recent past. We see our movement not as a battering ram seeking power, but as a community of values and a source of mutual assistance.

We also feel that our movement can fill an important need in the lives of many decent and energetic people. We sense a yearning in our country for a new kind of political community, and we hope we offer one important place where that yearning can be fulfilled. That is our rationale for the discussion this weekend. ♦

OVERVIEW

Don Slaiman

William Galston

Albert Shanker

Discussion

Welcome from Don Slaiman

Welcome on behalf of Social Democrats, USA, the League for Industrial Democracy, and the Bayard Rustin Fund, who are co-sponsoring this conversation on "Does America Need a Social Democratic Movement?"

In the past we had very definite answers on the nature of dictatorship and totalitarianism, and how to fight them. We had very definite answers on the benefits of extending democracy here and abroad, and we had a clear perspective on what the Democratic Party needed to do to win the presidency. But we recognize that this is a new era, a time to take a fresh look at many issues that either had been obscured by the Cold War, or that did not loom large on the radar screen until now. So we have called you together to talk and explore and search for answers. And if we agree upon some of these, we can have an impact on the future. ♦

William Galston

At the time of this conference, William Galston was a professor at the School of Public Affairs at the University of Maryland. He is now serving in the White House as Deputy Assistant Secretary to the President for Domestic Policy. Previously, he was issues director in Walter Mondale's presidential campaign and an advisor to Albert Gore during the contest for the 1988 presidential nomination. He is the author of numerous books and articles on political philosophy, American politics and public policy. He has also written studies for the Progressive Policy Institute, and co-authored "A Progressive Family Policy for the 1990's" and "The Transition: Reasserting Presidential Leadership" in PPI's Mandate for Change.

It is my happy duty to offer some public reflections on the draft document. I think it is a very forward-looking document. I find myself in agreement with most of its substance. I was especially struck with the sections on the new global economy, on intermediate institutions, on responsibility and community and citizenship, and on the need for a new social contract between the providers of labor and the providers of capital.

The question this document formulates and tries to answer is, profoundly, the right question. In particular the noun "movement" is absolutely appropriate for the current circumstances. If one thinks of what has really changed American politics in the past couple of generations, one thinks of movements like the civil rights movement and the environmental movement. Perhaps in

a generation one will also think of the communitarian movement, of which I am a charter member. (I am happy to see our founder, Amitai Etzioni, here in the audience.)

But the reason that this noun "movement" is so emphatically the right one is deeply rooted in social changes that have occurred in the United States in the past two generations. One hundred years ago we were an agricultural nation. Fifty years ago we were an urban nation. Now we are a suburban nation. 1992 was the first presidential election in which an absolute majority of votes cast were cast by people who lived in the suburbs. And with suburbanization has come a real fragmentation of American society. Large institutions have come under pressure, and they have not dealt with that pressure very well. Political parties, corporations, and yes, labor unions as well have all come under pressure and all have weakened, all have fragmented in certain ways.

The 1984 Mondale campaign, in which I served as issues director, was perhaps the last presidential campaign that tried to operate in accordance with the old corporatist model of the New Deal. Society was divided up into nice, calculable blocs. There are leaders and followers, and if the leaders say "yes, we're on board," then the followers will follow.

Well, the leaders all said "yes, we're on board." But, regrettably, the followers did not follow. There was a very important lesson there: in order to talk about a political base for progressive reform in this country, one can no longer talk about the aggregation of institutions as solid blocs. One must talk about a movement which is made up of thousands and millions of individual people signing on to a cause in which they believe.

I noted with interest that the draft document referred approvingly to the rise of direct, unmediated contact via television between presidential candidates and individual voters. I would point out that there is an interesting contradiction between approving of that lack of mediation on the one hand, and praising institutional mediation on the other. This has to be thought through.

Let me now turn to the document itself, which I greatly admire. I want to push the logic of its argument a little, and raise some questions. I divide my remarks into two sections, general and specific.

I agree that this is a unique historical moment. It is time to turn toward principles. I believe that nearly everybody in this room, and most people in this country, are now committed to the creation over time of a society in which all citizens enjoy a reasonable level of physical and material security, rights against outside intrusion, the ability to participate in democratic self-government and the opportunity to develop and exercise a wide range of satisfying human capacities within a dense network of social relations. I take that as common ground. Those are ends that we share.

The issue before us -- and the issue that will define the content not only of the movement under discussion tonight but all other progressive movements in the next generation or two - is not ends but rather means. This is not a trivial issue -- I believe it is *the* issue. In dealing with this issue, it is essential to be empirical rather than doctrinal. We must reflect not only on the present historical moment, but also on the clear lessons of modern history.

A few months ago there was a very remarkable meeting, parallel in some ways to this one, reflecting on the 50th anniversary of the publication of Joseph

Schumpeter's *Capitalism, Socialism and Democracy*. In the proceedings of that meeting, reprinted in *The Journal of Democracy*, there is an article by Peter Berger which is pertinent to our discussion tonight. He poses the following question: Does political democracy require or depend upon a market economy? Berger goes on to say: "Here is one question where caution is not called for. The answer is a resounding yes. The reason for it is strictly empirical. The evidence overwhelmingly suggests it."

That evidence makes possible three simple but far-reaching propositions. One, there has been no case of political democracy that has not been a market economy, or if one prefers a sharper formulation, there has been no case of democratic socialism. Two, there have been numerous cases of non-democratic market economies. And three, when market economies are successful over a period of time, pressure for democratization inevitably ensues. That I think is a very challenging formulation of one way to read the lessons of the past 75 years.

As we think empirically about the lessons of the past 75 years, it occurs to me that the ideological debates of the past may not serve very well in this endeavor. For example, if as the discussion draft contends, "social democracy states that the government is justified in using its constitutional powers to promote the general welfare by pursuing programs that can bring economic welfare to the community at large," if that is social democracy, then I would submit to you that virtually everyone is now a social democrat.

At least since the mid-1930s the issue is not whether government, at least the U.S. government, is constitutionally justified in so acting, but whether as a matter of fact the proposed action will over time make

matters better or worse. Continuing this line of argument, it is not clear to me that the distinction that the discussion draft conjures between social democracy and welfare state liberalism is really of much use anymore. While perhaps useful in the formulation of ideal types, it is not clear to me that it clarifies very much about contemporary American politics.

For example, the draft states that welfare state liberalism merely attempts to redistribute the product to those marginalized by the market system, but social democracy seeks ways of employing those left out by the market. Well, here I must say I think of endeavors like the CCC, CETA, contemporary work-based welfare reform proposals, the national service proposal on which I have the honor now to be working. And it seems to me that all of these programs past, present or prospective have one foot in the social democratic ideal type, and the other foot in what you call welfare liberalism, and it's not clear to me that that distinction reveals as much as it conceals any more.

These general observations reflect my grounding as a political philosopher. Let me turn to four specific issues that may serve to sharpen the discussion a little bit. First of all, the economic context of this discussion of social democracy. The document is very fair and accurate in focusing on issues such as the global mobility of capital and production, and the movement towards global competition. But, to push the argument a step further, the U.S. economy and indeed all other economies are now enmeshed in what I call the inexorable logic of productivity.

Consider for a minute the automobile industry, which, as we all know, is beleaguered by the Japanese. The critical issue in the U.S. auto industry is not dollars

per hour of work, it's number of hours of work per automobile. It is not fundamentally a question of one country driving down wages and working conditions to gain a competitive advantage. It is rather gaining competitive advantage through a production process which reduces the number of hours worked for each automobile produced. That is one of the fundamental problems that we are now facing.

The document talks quite accurately about the decline in manufacturing jobs since 1979. I would suggest to you that the condition of U.S. manufacturing in 1993 is roughly analogous to the condition of U.S. agriculture in 1893. That condition can be summed up in the following proposition: a growing wedge between production on the one hand and employment on the other. The number of people engaged in agriculture in 1993 is only a small fraction of the number of people engaged in agriculture in 1893, but the level of agricultural production has expanded very considerably. Over time, U.S. agriculture produced more and more with a lower and lower labor input. I submit in the name of realism that this is the inexorable course of history with respect to U.S. manufacturing as well. So it is futile to think about restoring the fraction of manufacturing jobs to the level we enjoyed 40 years ago, or even 20 years ago.

Interestingly enough, the loss of control of the economic environment by U.S. corporations has created a social democratic moment, almost paradoxically, because this loss of control has meant a diminished capacity on the part of the corporation to provide for the basic needs of their workers in areas such as health care and pensions. It has sparked a discussion which I think will come to fruition perhaps in the next four years about

the social provision of things such as health care and guaranteed pensions. So, ironically, the forces that have weakened both U.S. corporations and organized labor have opened up a space for a social democratic discussion in these critical areas.

Let me turn to a second specific issue, the political content of this discussion of a social democratic movement. Here let me quote to you from a very wise man, who stated two different things that seem to be taking place in the mood of the country. One is an increased recognition that the public sector has a significant role to play and that our social and service institutions need to be strengthened. The other is the widespread feeling that the culture that prevails in the public sector and in the institutions of what we have called the commonwealth is not a culture that the people trust.

The public does not want to give resources to these institutions because they do not think that these institutions are very efficient. Even more important, they do not believe that the values that prevail in these institutions are consistent with their own values. The very wise person was Penn Kemble, speaking last year at a meeting called a New Moment in America.

I think that he was absolutely right, and helps to define an essential political problem that we are all facing.



The American public wants to invest in increased public activism, but it does not trust the traditional institutions by which the public agenda has been moved in this country. For that reason, the "reinventing" government that some of us at the Progressive Policy Institute and elsewhere have been talking about is not just a technocratic idea, it is a political necessity if public support for public sector activity is to be regained and sustained.

Conversely, there is no support for the further multiplication of bureaucracy and bureaucratic institutions. The language of individual empowerment and choice in the context of institutional flexibility flows from the increasing education and sophistication of the citizenry, and their increased access to sources of information. These are irresistible social trends. They will characterize the politics and social movements of the future and any social movement that wants to succeed will build on this really existing social base in 1993.

The third point is what might be called the social context. The draft document endorses both expanded democratic government and increased public sector activism, and the importance of civil society and the Catholic principle of subsidiarity. The problem is that these two commitments may be in tension with one another. As the sociologist Alan Wolff points out, the public provision of certain sorts of social services can undermine civil society, can undermine social relations, can undermine this dense network of community that we all want to sustain and nurture. Does it always? No. Can it? Absolutely.

This is something to think about because I'm not sure that the document brings together or highlights the potential tension between public activism on the one

hand and the distinctive importance and strength of civil society on the other.

I now turn to my final point, which may perhaps form a suitable bridge to the final speaker on the panel. I want to propose that the old familiar triad of economy, polity and society that helps to structure this draft document may not be fully adequate to the most profound problems that we now face as a society. Let me give you an example.

I read a very interesting article recently in the *New York Times* about the Hartford public school system in my home state of Connecticut. The article pointed out that spending per student in Hartford's public schools is almost ten percent above the Connecticut state average. So are teachers' salaries in the Hartford public school system. But student achievement in that system is woefully below the state average in every category. Why? The article points us toward an answer. In an average fifth grade class of 23 children in Hartford, three are born with low birth weight, three are born to mothers using drugs, five are born to teenage mothers, fifteen are living in single parent households.

As I was preparing these remarks I received the monthly publication of the Joint Center for Political and Economic Studies, perhaps the premier institution studying public policy issues affecting African Americans. Let me read a brief excerpt from the lead article. "According to a study by the National Center for Health Statistics, children who grow up in families without both biological parents are likely to have more behavioral problems in school, to be suspended more, and to be more likely to be expelled or to drop out of school. The problem is exacerbated when a single parent has not had a successful school experience."

The article goes on to say that nearly half of all African American eighth graders live in conditions that put them at risk of school failure. According to data published by the U.S. Department of Education, over 46% of African American eighth graders now live in single parent families. This is an example of what I am talking about: a profound problem that may not be adequately captured by the familiar triad of economy, polity and society. But phenomena of this sort, I would submit, lie very close to the heart of many of the social problems that we now face, and go some distance toward explaining their apparent intractability.

Such phenomena are a challenge to our policies and to our ideas. Social democrats and welfare liberals alike have tacitly assumed the existence of intact families doing their part to produce young people with the appropriate skills and virtues. The only thing that the public sector had to do was to find the jobs. We can no longer make that assumption. Can public action substitute for what the family used to provide? If not, and I fear that the answer may be no, what are the consequences for our traditional ways of thinking? How do these affect the way that those of us in different movements -- whether communitarian, social democratic, liberal or whatever else, think about the challenges that our nation now confronts? ♦

Albert Shanker

Albert Shanker has been president of the American Federation of Teachers, AFL-CIO, since 1974. He is a vice president of the AFL-CIO, and chair of its International Affairs committee. Recognized as a leading thinker on issues relating to education, Mr. Shanker serves on numerous boards and committees including the National Academy of Education, the National Board for Professional Teaching Standards, and the President's Education Policy Advisory Committee. He also serves on the President's Council on Competitiveness, and the boards of the A. Philip Randolph Institute and the League for Industrial Democracy.

I want to touch on a number of separate points in the paper, points that ought to be central issues dealt with by social democrats in this period.

First, the paper correctly deals with the new situation in the world. I think that the key issue here is whether the United States in this next period is going to be like the United States after World War I, or the United States after World War II. That is still a very open question. Will the public be tired of all its efforts, and just pull back? Or will we recognize that in war, when one side is defeated, the victor has to take responsibility, as we did after WWII?

One of the great dangers is that we will not play that role, and that the consequences will be like the disaster that followed WWI, not like the success following WWII.

Secondly, the paper correctly deals with the issue of taxes and ineffective government. There's an issue it

doesn't deal with, however, and that is not the question of ineffective government, but government arrogance: government that pushes for, pays for, imposes things that are extremely unpopular. Over the last 40 or 50 years, we have had countless government decisions and actions through the courts, legislatures and other state bodies. We are about to see another -- dealing with the Connecticut case that Bill Galston just cited. Clearly the kids in Hartford are not doing well, and 90% of the youngsters there belong to minorities. Other districts in the state are doing much better, and they are largely non-minority. The Governor proposed that there be 6 or 7 districts set up in the state and that there be a statewide massive student integration plan. Now we have had very substantial and lengthy experience with efforts of this sort to integrate, and it's fascinating after all these years that a public official can propose a notion like this with any belief that there is a chance it will succeed in any of its announced goals.

Just look at a few things done in the last few years. The Congress of the United States almost unanimously and bi-partisanly voted for a catastrophic medical plan for senior citizens which was to be paid for by senior citizens. The net effect was that those senior citizens who already had good health insurance had to pay \$1,000 to \$2,000 in taxes to provide for catastrophic insurance for those who didn't have it. It took two sessions for the Congress, almost by the same vote, to repeal the legislation. There would have been a very clear redistributionist result. Now was it wrong? Weren't those who had catastrophic insurance fairly well off? Shouldn't those who didn't have the insurance get it? Argue all you want: there was a tremendously negative political reaction.

Another example involved Governor Florio of New Jersey. Can anyone justify the notion that where you rent your apartment should determine that you have an education that costs \$3,000, whereas, if you live down the road, it costs \$6,000 or \$7,000 or \$17,000? People find it difficult to justify inequality of resources in the educational area. But legislation that took away money from wealthy districts and gave some money to poorer districts resulted in Republican veto-proof majorities in both houses of the state legislature, and not only the reversal of that plan, but a reversal of much other progressive legislation as well.

If we review the consequences of social legislation over the last 30 or 40 years, a substantial amount of humility is needed by those of use who hope that any governmentally-enacted program will bring about the results that were initially intended, without simultaneously bringing about undesirable results that outweigh the desired ones. Shouldn't a youngster who doesn't speak a word of English have someone whom that youngster can talk to? Shouldn't that youngster who can't understand English have instruction in a language that he or she can understand? Who would argue with that?

But a recent front page *New York Times* article reported that if you have an Hispanic surname, even if you don't speak a word of Spanish, and if your father and mother don't speak a word of Spanish, you are to be put into a Spanish-speaking class. So, by law, we have an English-speaking youngster who is put into a Spanish-speaking class -- without understanding a word that is being said. Yet this is acceptable. The rules say that if you have a Spanish surname, and if you are below average in English, then you should be put into a

Spanish-speaking program. (At least that's the way that it is generally enforced in order to avoid litigation.) But no one asks whether your Spanish is better than your English, or whether you have any Spanish at all.

Take the notion of open enrollment for higher education. It is not a bad idea to say that many students get a lot better as they get older, and one should not hold all their previous grades against them. They might work harder, they might become more motivated, and perhaps an examination does not measure everything that a youngster knows and is able to do. So let him into college. If he doesn't make it, then make the decision that he shouldn't be there. But nobody figured out that when you have built the buildings and hired professors and instructors and enrolled thousands of additional students, no one would have the nerve to close down the buildings and fire everybody and tell the students that they hadn't made it.

The list goes on: there is education for the handicapped, which was supposed to bring in those kids who weren't previously enrolled in school. The result has been that almost a quarter of the kids in the country have been classified as handicapped. Those of us who subscribe to the proposition that it is legitimate for government to promote the public welfare need much greater analysis as to how we can avoid the huge array of failures. I would suggest that instead of trying to promote the public welfare through the kinds of government programs and actions that we have tried before, namely through rules, regulations and bureaucracies, we try instead to see if government can put certain incentives in place.

Let me go back to a moment I shared with a few people in this room who were fortunate enough to be in

Prague the day the Civic Forum won the elections. The next day there was a forum sponsored by the National Democratic Institute. There were quite a number of speakers celebrating the moment. There were even one or two Americans who were refighting the Vietnam war in front of the Czechs on the day of their election victory - almost impossible to believe.

One of the speakers was Garrett Fitzgerald, who noted that one of the bad things that came out of their election results was that there was no opposition. He felt it was always good to have your opposition in another party, because if you didn't, they were inside your party. Then he said that probably, because of their experience with communism, they were going to get the government out of everything, they were going to privatize everything.

This is an interesting phenomenon that some of us who have been in Eastern Europe have seen. Many of these countries want the public schools to be private so that if there is a dictatorship again, the schools will not be in the hands of the government, or at least it would be difficult for the government to get hold of the schools if communists take over again. So what is a left position in one society, becomes a right position in another. Fitzgerald warned them against thinking that the market could do everything. Specifically, he said that the market is not very good at making sure that everyone in society gets adequate health care, or a decent education.

That is a message that needs repeating. But if we are to sustain some government services, the argument for them should not center on the inherent superiority of one form of organization over another. If we look at our economy, it is evident that our private sector is also a big mess. Companies do not think 10 or 15 years in advance

because the CEO is interested in the short-run bottom line. There are all sorts of incentives within the structure that get people to behave in ways that are not good either for the company or for the country.

I think that the issue, for both the public and the private sectors, is the same. We tried to ask what is better, centralization or decentralization, government or private institutions; we discussed who is going to manage, and at what level. But we have had almost no discussion of how we can put the right incentives into place to make both systems work better.



Michael Porter, who has done some work for the Competitiveness Council, has some fascinating suggestions. For example, suppose you take the issue of stock options for chief executive officers and you say a company can reward CEO's with as much stock as it wants -- it is a private company. But the CEO can't sell any of the stock for at least five years and he can't sell any more than 5% of it each year after that. Then he has to think what the stock will be worth 10 or 15 years from now, rather than just selling off some valuable asset so he can make a tremendous killing in the short term. That is how one thinks about putting incentives into the system. The same is true of our public institutions.

I watched some years ago as Richard Green became the Chancellor of the New York City schools. Here is a system which has a 7 billion dollar budget, about a million students, and about 160,000 employees of

various sorts. I wanted to see what would be the first decision made by the chief executive officer of the school system. The first decision was that kindergarten youngsters would not be promoted to the first grade unless they passed a competency examination. I don't want to argue whether that's a good policy or not. I would just like to ask in what sort of business, which is a seven billion dollar business on 1000 worksites involving 1,200,000 people, would the chief executive officer be dealing with that issue rather than the issue of what they are trying to produce, how can he get people to do it, and how does he monitor it to see whether it is happening or not, what sort of accountability system is there?

I would like to see a move away from the rather fruitless question of who can do things best, and from trying to create new bureaucracies and new regulations, to finding ways for government to deal with the issue of incentives.

My next point deals with the social contract issue, which I think is an extremely important one. I doubt that many of the issues that are being talked about by the Clinton Administration -- community and national service, apprenticeship programs -- can work in our society as it exists now. We support many of these ideas. But they can work only in societies where unions, management and government are involved in some social agreement, and where they all know that none of the parties is just waiting for the chance to kill the others. In Germany, the unions negotiate provisions for all of the youngsters in high school to have work experience. They are not worried that the union is going to be broken, or that the kids are going to be used to replace union workers at lower wages, or that somebody is trying to

create a great supply of people in order to change the union bargaining position.

The minute volunteers or apprentices are suggested for an industry in the United States, the people who work there are going to be threatened. And none of these things is going to work under such circumstances. CETA didn't work because nobody gave the youngsters in the program any real jobs. They got jobs that nobody else wanted, so they wouldn't threaten anybody. And that was a relatively small program. Now we are talking about programs in which it is proposed that huge numbers of people will be involved, without a substantial amount of trust on the part of the workers and their unions who must be involved if the programs are to succeed.

I am a member of the Competitiveness Policy Council. Over a period of 8 years, we have discussed budget cuts, taxes and a host of other difficult matters. We were about to vote on these issues when I raised a question. I noted that we had a number of government representatives, union people, and management people on the Council and if we were in Germany, we could shake hands and we would know that the deal we were making right there was *the* deal. We would change some of our traditional union positions, maybe we would accept a value added tax, maybe we would accept the idea that some fringe benefits would be taxed, maybe we would accept some cuts, in exchange for the others agreeing that there would be a higher tax bracket for people with higher income. We could agree upon a package.

But I told them that we Americans could not really make a deal there. We would end up going to Congress. And I had to ask myself: if we give on some of these issues, and then everybody runs to Congress to

protect his piece, would our willingness to compromise in that room mean that only we would end up making sacrifices because we would be weaker before Congress? In the absence of some sort of relationship of trust, I couldn't give, even though I wanted to.

Now that's a central issue: by and large, in the United States, the notion is not just that labor is an adversary. The notion is that if you are in management and you allow a union to get into your business, then you have done something wrong. Everyone looks at you as if you're not a man or a woman. Somehow you have lost. In that context, many of the most noble ideas that are now being presented just won't work.

The last issue has to do with multiculturalism. Marty Lipset, who is speaking later at this conference, wrote a piece on how quotas were never really popular with anyone in the U.S., but they nevertheless are pushed by some politicians. We have the same sort of situation today with multiculturalism.

The impression is that among Hispanics, African Americans, and other racial or ethnic groups there is a huge explosion of ethnic identity, and a desire for separateness. There are demographic studies and speeches contending that in the year 2000, 2010, or 2040, there is going to be a majority of minorities and that we better understand that everything is going to change.

But when the New York State United Teachers took a state-wide poll, it found that although minority parents certainly want their forbearers to be in the history books, the overwhelming majority want their children to learn traditional history. That is, they want them to get the education that everybody else gets. As a matter of fact, more white parents said that it was

important to teach separate ethnic approaches than Hispanic and African American parents did.

There was just a very important poll sponsored by a number of Hispanic organizations. The results suggest that Hispanics don't really consider themselves Hispanics or Latinos. They identify with whichever country they were from. The picture is the same as it was for immigrants of 40, or 50 or 60 years ago, in terms of how they think of themselves. They think there is too much immigration to the United States. They don't think that they have a special relationship with other Spanish-speaking people.

There has been a massive spread of curriculum materials and required courses on multiculturalism. After a recent act of violence, students told a *Los Angeles Times* reporter that all of their courses on ethnic identity, which are supposed to bring them together, are actually tearing them apart.

I am not arguing for the old-fashioned flag-waving history, in which many of the people who helped build the country are absent, or non-existent. What I am talking about is the notion that each group somehow has to learn things from its own point of view, as someone interprets that point of view. To my knowledge, this will be the first time in history when a nation, through its government agencies, promotes a program designed to keep the citizens of its country apart, and to reduce a feeling of commonness. It's one thing to say that we shouldn't suppress differences, that we should enjoy them, celebrate them and tolerate them. It's another thing to say that we ought to be telling people they are immoral if they don't continue to magnify differences, or even create differences where none may exist.

At some point we need to deal with this question, if we are going to continue, as I think we should, to argue that there is a proper and appropriate role for government, that government ought to be active, and that it is there to promote the public welfare.

If there were a few isolated cases, we could say someone made a mistake, and that happens once in a while. Unfortunately, the record now is almost at the point where you could make a pretty good argument that these are not accidents, that it's almost standard operating procedure. And when you get to that point, it seems to me that you begin to get a justification for saying that we should get government out. We've got to ask how this happened, why it is continuing to happen, why it is going wrong. ♦

Discussion

Amitai Etzioni: I think the perception that any one institution declined over the last 20 or 30 years -- labor, or the Democratic Party, for example -- is misleading. If you look at the data on the confidence gap, you realize that since the '50s, the confidence in and legitimacy of all American institutions has declined: the church and the military, the presidency, journalism, lawyers, doctors and the family. If you view it in that context you begin to see a broader picture. There are some very interesting parallel data that ask Americans a battery of six questions that social scientists refer to as alienation questions. They judge how angry people are by their responses to such statements as: in this country nobody cares about people like me, the rich get richer and the

poor get poorer, etc. These studies show another side of the same decline in optimism and confidence.

What is happening, in my judgment, is that there was an established society, a silent generation with values intact. It was not a society I necessarily recommend to anybody. It was discriminatory against minorities, it was discriminatory against women and it was rather authoritarian. In those days when a doctor told you what to do, you didn't dream of saying you wanted a second opinion. And if somebody told you to make a cup of coffee, you didn't think of calling NOW. But it was a society in which norms were relatively clearly established. We destroyed much of that -- and destruction always comes relatively easily. But now we have an enormous yearning for new affirmations, for some guidelines, for some newly established values and norms.

When I ask myself what social force can rejuvenate society, can grant a new legitimacy by reforming institutions, I come back to the same point that Bill Galston made. There is only one answer, in my judgment. It has to be a major social movement. The great environmental movement was similar to past religious movements. That kind of commitment and enthusiasm is the only force which can restore legitimacy. This document -- a very powerful, very important document -- goes a long way in my judgment to chart the map for such a movement. We have to add some questions about the family, the moral side of schools, neighborhoods and such. But basically it goes a long way.

I would like us to consider the problem of the creation of a lot of small splinters, small movelets, and under what conditions they could provide the basis for

the powerful, encompassing movement we need. I think we need a movement at least as big as the environmental movement. That movement would make its target not nature, but the rebuilding of society in all its facets. For that to happen, we need something even more broad-based than what I have heard about so far. How can we move from a lot of little small groups to something that is as broad-based and powerful as we need?

Norman Hill: I would like to briefly raise three questions. First, the paper referred to the changing nature of work, in a perfectly accurate way. But it does not simultaneously mention the changing demographics of the workforce, in terms of increasing numbers of minorities and women, and what that means for those who are either in or not in the workforce. The paper refers to the second industrial revolution. But it does not deal with those who have not even been touched by the first industrial revolution, either domestically or internationally, and what that means.

Second, there is reference to the challenge of discipline and responsibility for low income people, without appropriately defining who is low income, or stating clearly enough that the vast majority of low income people are disciplined and responsible. It is appropriate to be hard on crime and other forms of anti-social behavior. But the draft paper does not recognize that there is a simultaneous need to deal with the social and economic conditions faced by low income people who fall prey to socially pathological behavior as well as those who don't.

Third, in the civil rights section there is appropriate reference to our traditional anti-quota position, and some talk about what some of us have

viewed as a positive affirmative action program, namely the Recruitment and Training Program. But there is no discussion of the distinction between affirmative action and quotas, or the continuing need for affirmative action in the context of the changing nature of work, and the changing demographics of the workforce. There is no discussion of what form the kind of affirmative action that we have traditionally favored might take, today and in the future.

Jim Chapin: According to Bill Galston, efficiency is defined as the replacement of labor by capital. Agriculture is efficient because there are very few workers producing a great deal of output. Today the same thing is happening in industry. But we have to remember that there were industrial jobs for those people who were being driven off the land.

Now there is only the service economy to take in the industrial workers who are losing their jobs. Bill Galston is also a champion of "workfare," which means there will be many more people -- all the welfare people -- going into those service jobs too. So will national volunteer service recruits.

Bill Clinton's solution to this seems to be some sort of re-education and retraining, and the assumption that new industries like electronics and computers provide better jobs, an assumption which by and large is not true. If you actually look at the jobs available in the computer industry, you find there are many more low-level jobs than high-level jobs.

There is a serious question -- it is a late 19th century question -- which is where are the jobs going to be? A *Fortune* magazine article recently pointed out that

Chinese workers are competing for the same jobs at 80 cents an hour, and companies can easily move there.

This is one question this paper seems to avoid. And in a sense this paper is a little too complacent in its psychological tone, because it assumes there are not going to be any capitalist economic crises. I think Marx was right about capitalism, even though he was wrong about socialism. Capitalism is not a stable system. Democracy and capitalism may go together in one sense, but there is certainly a latent tension there.

If capitalism is not a stable system, a world capitalist economy is going to continue to have periodic economic crises, and the crisis of work is a major question. It seems to me that this paper, and specifically Bill Galston's presentation, have a number of contradictions: where are the jobs going to be?

Bill Galston: A difficulty or a question is not the same thing as a contradiction. The previous speaker presented a difficulty but not, in my judgment, a contradiction.

History may be instructive here. I have been a student of the late 19th century and the question the previous speaker just posed reads very much like some of the agitated discussions we had in this country in the 1880s and the 1890s, when we were moving from an agricultural economy to an industrial economy.

When I was a boy in the late 1950s and early 1960s, I read a lot of popular sociology and popular economics. I can recall discussions of the automation revolution that allegedly was going to put every third American out of work. It didn't happen.

It did not happen in the 1890s, it did not happen in the 1960s -- what then is the evidence that it is going to happen in the next millennium? As I read the history

of the past 100 years, there have been difficult transition periods. At the end of them the economy looked very different.

If you read the popular discussion of those periods, you come to the conclusion that the world was coming to an end. But it didn't. So let me just return to what I said at the outset. It is perfectly reasonable to ask where the new jobs are going to come from, but it is also empirically necessary to observe that in a market system, there are possibilities of innovation, entrepreneurship and surprising developments that offer answers to economic problems that no central planner could possibly have thought of.

Bert Seidman: I would like to emphasize the importance of developing a popular base supporting the achievement of the various goals of this group. It seems that we saw the development of just such a popular base, largely unorganized, with very little connection to traditional institutions that have produced popular bases in the past, during this election. We should be thinking about how we can get popular support. Let me just mention one problem, that Al Shanker stressed, namely that government makes mistakes, either because those leading it make mistakes, or the wrong people bear influence. There isn't much of a popular base demanding that they do the right thing now. We should be thinking about this.

Bill Galston: I want to thank Bert Seidman for reminding us that we just had an election in this country. Many groups like this in the mid-1930s asked themselves not what should be done in the abstract, but how they could relate to an actually existing government that

might be sympathetic to some of their ideas. There are those today who might be interested in the question of how the kind of popular base you have been discussing is not just created, but sustained.

It is not easy to characterize the President in any single sentence or paragraph. He is Whitmanesque, he embraces multitudes, even contradictions. But there is the basis for a productive dialogue with his administration.

Penn Kemble: I want to refer back to a problem Al Shanker raised. Our predicament is that if we call on government to respond to certain problems, then we have to be absolutely confident that there will be a vigorous politics that holds government to account and ensures that when government does things that run contrary to the public interest, there will be an immediate reaction from an organized and popular constituency that will bring government back into line.

One of the reasons I would offer for why we have had so many difficulties with government in the past 20 years, is that a kind of social democratic majority emerges in this country at election times, but has been disenfranchised in certain fundamental ways by the polarization of our political culture.

The breakdown of what Scoop Jackson used to call the democratic center that began in the mid-1960s allowed government to break free from bonds of accountability that prevented many of the problems Al Shanker cites in describing how counterproductive government has at times become.

The problem has been compounded by those on the right who are so eager to frustrate government, who agitate for tax cuts in irresponsible ways, and who

obstruct government from doing what broad majorities want government to do. We have been through a terrible political breakdown in the country, and I think we see the glimmerings of possibility that this can be overcome. But it can be overcome only if we can recreate the kind of political vitality that can hold government to account as it goes forward.

If that strong political culture is not recreated, then President Clinton is going to have a terrible time. The reforms he is proposing will not be adopted, or, if they are adopted, they will very quickly go off track, or be undermined. ♦



SOCIAL DEMOCRACY OR LIBERAL CAPITALISM?

Rita Freedman
Martin Sklar
Paul Starr

Rita Freedman

I start with the assumption that we are interested in discussing and affecting our economic system because we want to improve the lives of the greatest number of our citizens. The first question for us to try to answer is what system best accomplishes that, and with the fewest unwanted side effects. The command economy was never an option for us. First of all, because the unwanted side effects were clearly and simply unacceptable. And also because, despite all of the propaganda, it was one of the worst systems for both expanding the economy and improving people's lives. In the end, it collapsed under the weight of these and so many other burdens.

But does the collapse of the command economy necessarily mean that liberal capitalism is the only alternative? And what type of capitalism are we in fact talking about? Our economic system has clearly evolved and continues to change. Capitalism here in the United States, let alone in other countries around the world, is

not the same as the capitalism in the days of our grandparents or even in the days of many of our parents. Are we now, to paraphrase Francis Fukuyama, at the end of economic history? Or is this just another stage in our economic evolution that will eventually doom capitalism, just as prior economic systems were doomed? Will there be capitalism at the end of the road, or will capitalism evolve into some form of democratic socialism or a mix of socialist and capitalist elements? And what, in the end, is the progressive political response to all of these transformations? ♦

Martin Sklar

Martin Sklar, a professor of history at Bucknell University, is the author of numerous articles and several books, the most recent of which are Corporate Reconstruction of American Capitalism, 1890-1916, and The United States as a Developing Country. Mr. Sklar was the principal organizing editor of Studies on the Left, one of the first New Left magazines, and from 1976-79, he was one of the organizing editors of In These Times. He was also an advisor to Socialist Revolution (now renamed Socialist Review).

I am here before you as an historian and an unrepentant socialist, not as an economist. I hope that what I have to say will stimulate some further thinking in somewhat, though not completely, different channels. First, let me congratulate those who wrote the draft statement. It is a fine statement, both in terms of the

principles it involves, its formulations, and the openness for stimulating further thinking.

The way we understand the world is critical to the way we act in it. We're saying that we are trying to change the world in certain ways for the better. But we're thinking still in many of the old ways, suited to the past. As perhaps the greatest of modern revolutionaries, Abraham Lincoln, said, "As our case is new, so we must think anew. Let us disenthral ourselves," he said in his second annual address to Congress, "from the dogmas of the past." But Lincoln was a great historical thinker. The disenthralment at the same time must not make us feel that we can escape history. Among the ideas holding us enthralled are the idea of capitalist exceptionalism, or even ahistoricity, and its cognate, the idea of the global triumph of capitalism. That the U.S., unlike Europe, Asia, Africa, or Latin America, has historically evolved devoid of socialism, and that with the collapse of communism, there is no stopping its global spread. On the other hand, there is the old Leninist idea that socialism is virtually identical with such things as government ownership, the vanguard party, state command and its variants or attenuations.

The draft paper states: "Capitalism has emerged supreme, sweeping away all its predecessors and even its self-described successors. Capitalism is the freest and most productive economic system mankind has developed." The openness of mind here for leftists and us socialists is admirable. But I would like to suggest its static deficiency from an historical standpoint, which, however open it first appears, closes our minds to new paths of thinking. Let me try to suggest what I have in mind by schematically describing capitalism on the one hand, and socialism on the other.

Capitalism has been associated with the employer as private investor and labor as a factor of production, and by commutative justice prevailing with negative work incentives. Property rights in a market system define and limit human rights and as capitalism develops historically, so too does intensification of class differences, not simply income differences. Liberty and efficiency are ranged against equality and justice as the condition of development.

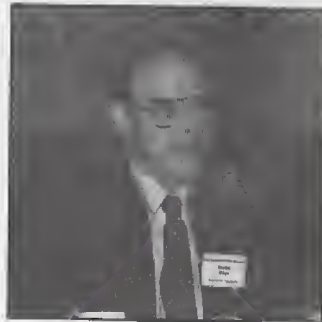
Socialism involves the following components:

- Making the market socially accountable and socially responsible;
- Regulating, modifying, remedying or displacing market behavior and outcome by social policy politically determined, that is by the sphere determined by one person one vote rather than by the sphere determined by one dollar one vote;
- Distributive justice complements and modifies commutative justice. Labor is seen not just as a factor of production but of consisting of workers as citizens, with positive work incentives instead of only negative incentives;
- Human rights are seen as reshaping and increasingly defining property rights;
- The citizen associational stake in society increasingly refashions and displaces the property stake, as the preponderant authority in society;
- Associational investment serving social needs complements mere private investment for personal gain;
- Public investment based on social goals redirects, complements or displaces private investment;
- A non-profit sector of society grows, as does gainfully employed activity for social service, policy

formation, and ministering to needs, and indeed creating new needs;

- Liberty and equality, liberty and efficiency, and equality and justice are seen as conditions of development, rather than as ranged against one another or mutually exclusive.

U.S. society has developed along both lines in the 20th century. With the emergence of the corporate stage of capitalism, U.S. society since the early 20th century, has evolved as a mix of capitalism and socialism. The two are intertwined and serve one another. And the corporation itself is an embodiment of that mix, to be regarded not as a capitalist ogre to be slain, but as a democratic and socializing resource.



Bill Clinton's election is of significance because the Clinton-Gore axiom was "people first." This is a very good embodiment of the mix, that is people as the major resource and major outlet for investment growth and opportunity, human rights and human development as paramount, especially in the new technological age. It embodies the idea that corporations as associations of people need not be considered as the capitalist enemy but as a social resource. It embodies the idea of accessing abundance for all and removing obstructions to that access. It embodies the idea of finding and recognizing limits and thereby avoiding the improper, wasteful or inequitable use of resources, the environment and wealth.

And finally, it embodies the concept of putting together a civic ethic of work, public service, individual rights and responsibilities.

In summary, both capitalism and socialism, each regarded as great social movements in history, as forms of property relations and broader social relations as well of power and authority, have made the modern world, the U.S. no less than elsewhere. But it is time to disentrall ourselves of the idea that they are simply enemies, or mutually exclusive or one succeeding to the other. But to recognize instead that historically, whether we like it or not, they are interconnected, intersecting, intermeshing, complementary in their conflict and mutually in need one of the other. Then we can re-form our thoughts as citizens, as socialists, going beyond the older, static categories of capitalism and socialism, and begin making the new synthesis in ideas and programs necessary and proper to contribute usefully, to taking up tasks beckoning in this new era of history now upon us.

Finally, an alignment of liberal, or shall we say social capitalists and liberal socialists has been the great progressive force in the world's modern developments. The much noted gridlock of recent years has represented the temporary weakening, and in many cases the severing, of that alignment. The Clinton victory represents the rejuvenation of that alignment. This is the central meaning of the '92 election. Let us make the most of it. ♦

Paul Starr

Paul Starr is a professor of sociology at Princeton University and co-editor of The American Prospect, a liberal quarterly concerned with public policy. An expert in health care, he authored The Social Transformation of American Medicine and The Logic of Health Care Reform, and runs a project called "Choice Alternatives: Strategies for Universal Health Insurance and Managed Competition." Professor Starr also writes on American politics and social policy, the privatization of public services and the communications media.

The title of this session poses the question Social Democracy or Liberal Capitalism? It seems to presume that there is an important distinction. My initial reaction is that there isn't really an important distinction. I read through this very intelligent, interesting, well-written document and found hardly anything to disagree with from a liberal point of view. I'm not sure why there needs to be something different called social democracy at this point in American history.

Are these terms really good predictors of actual positions? To the American ear, the term social democracy sounds a bit more left than liberal. Of course, the positions taken by many people associated with this group have not been to the left of liberals. In some cases, they have been to the right. My co-editor, Bob Kuttner, would like to preserve the idea that there is something distinct called social democracy, at least partially distinct from liberalism. And when I wrote "Liberalism After Socialism" for the Fall 1991 issue of *The American Prospect*, he had some differences with it, since I didn't

seem to exempt social democracy from the criticism that I levelled at socialism. But I suspect that my liberalism is closer to the substance of this document than he may be, at least in some sections, like foreign policy and multiculturalism. So I don't know if these concepts really do predict very well what specific positions people who associate with them will actually take on the important issues of our time.

I think part of what is going on here is a kind of brand differentiation. Amitai Etzioni has a brand called communitarianism. I wonder why he is out selling this separate brand, and again, occasionally drawing distinctions between liberalism and communitarianism that I don't think have much foundation.

From the point of view of the American public, this is all a debate that is occurring among liberals as they use the term conventionally. There is a certain amount of what the sociologist Georg Zimmel called "the narcissism of small differences" at work here, where we draw very sharp distinctions and then vex each other over these issues. But in fact, from the point of view of the public at large, these are not all that material.

There's also a troubled relationship to the past. Among social democrats, a troubled relationship to the socialist past, not necessarily to communism, but certainly to the history of socialist planning. And incidentally, in this document, I did not see any celebration of planning, which a social democratic document of years ago would certainly have elevated to a very prominent place. This is an example of the liberalization of social democracy, if you will, and the gradual dropping of a lot of the elements that were associated with socialism. A troubled relationship to the past also in part because a lot of different groups would like to get out from under

the taint that liberalism has acquired. They would like to shed some of that burden. Al Shanker brought up examples of social programs gone awry. We have to accept that burden and try to do something about it. There is no point in inventing a new language that the American people will not understand. Terms like communitarianism that people will mistake for communism.



And social democracy which they will mistake for socialism. I don't see this as really being relevant to the language of American politics as it is actually used.

There is a need to face up to the full burden of what has happened in the last several years. It does seem a cruel injustice to those who were always opposed to the

command economies of the East to find themselves in any way implicated in their fall. But there's been a coincidence of several different developments that have brought disrepute on the socialist idea in general. It is partly a matter of the sheer magnitude of the collapse in Europe and the Soviet Union and the realization of how little developed these countries were. How the industries left behind are exact examples of what liberal capitalists have long charged. That they were in fact loaded bureaucracies incapable of competing on the world market, and they are now essentially being disassembled. The plan-

ned economy was a total fiasco, ecologically as well as economically.

It is difficult to escape from the burden of that experience, as well as the failure to reform communism from within. Frequent efforts were made, especially in more recent years, that ultimately lead Eastern Europeans, intellectuals included, to decide that there was no third way as a route to development. In the Third World as well, other attempts at a third way, at socialist and social democratic experiments, did not bring the results anticipated. Then finally there was the drift of European socialist parties and governments increasingly in a liberal direction. If I may quote just one line that is particularly relevant to this meeting from the article I wrote: "Although European social democrats have Marxist grandparents on their family tree, they have largely outgrown not just marxism but socialism itself, and accepted, wisely I believe, political ideals and social and economic institutions that have a more liberal character." I take that to be evident in this document as well, with the final statement that Martin Sklar cited, that is essentially an acceptance of capitalism. In fact, it is hard for me to see how you can see yourselves as fundamentally different from liberals if you have come that far.

So I don't see the point of preserving these distinctions. And I am less and less convinced that there is any relevance to the concept of "the left" at all any more. We've gotten used to talking that way. We'll continue to talk that way. But I don't see any real force out there that represents the left today. The problems that we face are very real ones. And there are many problems with a capitalist economy that need to be addressed. Many of the specific reforms we need are just the kind that Martin Sklar suggested. These are problems of the

design of institutions, including markets. It's not just a matter of government regulating markets. The discussion paper refers to the need to regulate the health care industry. Actually, that's much too conservative a notion of what we need. We need to reconstruct the market, in a very fundamental way.

Yes, it is important to uphold some of the values represented here. For example, the value of the labor movement, which I very strongly support. A lot of people don't share that, and they need to understand the importance of that tradition. But when we confront the problems in education, in health care, and other areas, we need to learn a lot about the specifics. Ideology is not a key that unlocks every door. The traditions that were essentially ideological traditions were based on the premise that that was the way you preceded. You had some kind of ideological key that unlocked one door after another. That is what needs to come to an end. ♦

THE ECONOMY

*Sam Leiken
Larry Mishel
Lynn Williams
Michael Novak
Discussion*

Sam Leiken

This is a panel on recent trends in the economy: namely, the globalization of manufacturing, commerce and finance, the changing nature of technology, the new social relations in the workplace, the increasing concentration of wealth and the role government and the market play in facing these new circumstances.

We have asked our three speakers to do the impossible: to talk about economics in practical terms, and to discuss what policies will best improve the wages, working conditions and living standards of the poor, working poor and middle class in the United States and around the world. ♦

Larry Mishel

Larry Mishel, the research director of the Economic Policy Institute (EPI), specializes in the fields of productivity, competitiveness, income distribution, labor markets, and training and human resource policies. He is the author and co-author of various EPI publications, including "The State of Working America," "Shortchanging Education" and most recently "The Myth of the Coming Labor Shortage" and "The State of Working America, 1922-93." He has also published in a variety of academic and non-academic journals.

My points are simple. If you evaluate the performance of an economy in terms of the living standards it provides, then we have been doing very poorly. A measurable, significant part of these income and wage problems derive from our trade problems. If you look at the overall solution to our economic problems, an important component must deal with trade.

It is well known that our standard of living has fared poorly. Family income has grown modestly overall. But for most Americans, if their incomes are slightly higher, it is primarily because more people in the family are working, or working more hours per year. The fundamental problem is that wages have fared very poorly. The bottom 80% of the work force experienced a wage decline over the past 10-12 years. Over the past five years, not only blue collar workers or workers with high school degrees experienced falling wages, but college graduates and white collar workers suffered wage deterioration.

The most significant number deals with wages of a young man graduating high school. That young man, after five years in the work force, was earning about 26% less in 1991 than a comparable worker in 1979 and over 30% less than a comparable worker in 1973. One conclusion is that the policies of the Reagan-Bush era -- deregulation, free trade, privatization, anti-unionism -- did not improve the standard of living of most Americans. It is also true that they did not produce any surge in productivity or private investment, and, if carefully examined, did not create any superior job growth.

What does trade have to do with all this? According to the economic studies, trade accounts for between 25% and 30% of these problems. It is important to understand the mechanisms. It is not just that people have been thrown out of the manufacturing sector, and have ended up with jobs that paid far less. It is also true that those people who remain in the tradable goods sector, like manufacturing, have had significant pressure on their wages, and have either had to take wage cuts or keep their wage increases below inflation.

Young people cannot get the good jobs that have been eliminated. Those who used to have good jobs are now competing in other parts of the economy, driving down wages for workers with similar skills. Our competitiveness problems also result in a falling dollar, which also squeezes our incomes.

The framework of Clintonomics provides most of what is necessary for economic revival. It is frequently said that we need to go on a high-wage, high-skill road. But we are already on the low-wage road, and without it making us more competitive. The high-wage road essentially has the following components: modernize manufacturing, use appropriate technology (not only the

hardware but also human resource policies: training and worker participation), enhance public investment, strengthen private investment, and deal with deficits without letting them rule everything.

There are two ways to pursue a low-wage road. One is the domestic way, and it is pursued by services and manufacturing companies alike: use part-time workers without benefits, use temporary contingent workers, use child labor, demand wage concessions and bust unions.



The second is an international low-wage path that involves moving production off-shore. This is where trade comes in. One should think about trade with regard to four different kinds of countries. There is competition with other advanced countries with wages higher than ours -- Europe primarily. There is a separate trade problem that has to do with Japan. There is another set of trade problems that has to do with newly industrialized countries -- which includes East Asian countries like Korea and China, but also Mexico and Brazil. And there is another set of countries that does not present a trade problem for us: the poor, developing countries.

In each of these cases, trade policy should be driven by a concern for our living standards. But trade policy also has to fit with the entire framework of our economic policy: what kind of industries do we want, how

are we going to get competitive? Industrial policy drives trade policy, not the other way around.

Most of us believe that markets need to operate within a certain social framework. I believe that is true of international markets as well: they should not to be exempted as many economists seem to believe. I see some problems that confront us that need a certain amount of care. Many of our industries have serious excess capacity, like steel. One way or another, other countries are going to jockey to take away that production. If we do not take care to see that they don't, then we will end up losing -- the outcome of a *laissez faire* practice.

There are also questions about arrangements like the North American Free Trade Agreement (NAFTA). Are there better or worse ways to reach a deal there? We are probably going to integrate economically with Mexico one way or another. How should this take place: with a big sucking sound of jobs leaving the U.S., as Ross Perot says, lowering our wages down to Mexican levels? Or, alternatively, with the U.S. trying to manage our trade in a way that attempts to bring Mexicans up to our levels? ♦

Lynn Williams

Lynn Williams began his term as president of the United Steelworkers of America in 1983 as organized labor was confronted with the enormous challenges of a dramatic decline in industrial jobs. He has taken steps to restructure his union by creating a Future Directions of the Union Committee. He is an advocate of workplace participation initiatives to give workers greater input in

the workplace, of employee stock ownership plans, and of the multi-company Career Development Institute, offering job training and educational services for union members and families. He also serves on the AFL-CIO Executive Council, the Council on Foreign Relations, the Council on Competitiveness, and the Commission on Workforce Quality.

I would first like to compliment those who put the social democrats' paper together. I thought it was very interesting and challenging. I would like to associate myself with the notion that social democracy represents a set of ideas whose time has come. We have the collapse of the command economies on the one side. But performance in the home of capitalism in America in the last dozen years doesn't give us much encouragement either. Whether one thinks of what we need as moderating the extremes of capitalism or expanding liberalism, there is a desperate need in the world for the ideas of social democracy.

My particular charge here is to talk about the changing nature of work, the source of high-wage jobs, and what is going on in the real economy. The paper quite correctly speaks about a second industrial revolution or a third industrial revolution. Incredible changes are going on in the workplace, and at the heart of them is enormous change in our technologies. The technological revolution never seems to slow down, but always to speed up. The dramatic changes in the things we can do, and the kind of equipment there is to use, has changed our workplaces dramatically and continues to at an ever increasing pace. I would like to make a few

straightforward points about that revolution, and how we react to it.

The first is our very strong view that manufacturing matters. That idea was hammered very vigorously at the beginning of the 1980s when the view was that we didn't need to worry about old industries or rust belt industries. High tech was going to save us; the information economy was going to save us. We heard: look at those terrible steel companies and steel workers and the dumb things they did; look at IBM -- that is the model for the future. We complained that there are more fundamental problems involved than that simplistic analysis would suggest. And you are reading about it in the newspapers today. It is terrible to be a successful prophet because obviously we do not wish any ill on the workers at IBM or the other places that are struggling with the same things we have been struggling with for the last dozen years.

Manufacturing does matter. I don't see how you can have a strong economy if you can't create wealth, if you can't take raw materials and make something of them that people want, that are useful, here and abroad, and that contribute to the quality of life. It is obvious that as technology moves forward, manufacturing industries are not going to employ as many people. But I would point to the agricultural model. We have a powerhouse of an agricultural industry in the U.S. -- it feeds the whole world. It doesn't employ many people, it works very efficiently, but it does provide the base for many related jobs. And if you are thinking about a service economy or an information economy, it needs to serve something, it needs to provide information about something, and the heart of wealth creation is manufacturing.

Secondly, the new manufacturing systems are very sensitive. New technology is not some miracle that does not need workers and so workers do not matter any more. I look at the GM model, Roger Smith's great contribution to development in America. He tried that, and he wasted billions of dollars. GM had to retreat and go back to basics, realizing that to really take advantage



of a new technological system you need a highly skilled, highly trained workforce. These are very sensitive systems and when they collapse, those robots do not know what to do. You need some human workers around with intelligence and training who know how to deal with them.

Third, technology does offer some options. We have all been raised in an atmosphere where, because of the technological miracles in our parents' and our life-times, we have an idea that technology arrives from heaven full blown and we must adapt ourselves to whatever this technology does. I would argue that technology presents options to us. We can have technology that is destructive of human opportunity and human skill. Alternatively, we can take the same technology and build into it real opportunities for workers to learn new skills, to advance and to achieve high wages. And, at the end of the day, use the technology much more effectively.

These new technologies invite and require a new way of thinking about the organization of work. This is not a simple concept for those of us in the labor

movement to grapple with. It's important to recognize that the old Taylorist ideas -- the assembly line, breaking up every job into the minimum component, the idea that the boss therefore had to know everything, the engineering department had to make all the big decisions, and all the worker did was park his brains at the time clock, go out on the assembly line and perform a minimum task -- were not dreamed up by workers. It was not what workers wanted. When my predecessor union was destroyed in 1892 in Homestead, Pennsylvania, in one of the historic moments in the American labor movement, it was destroyed because Carnegie and Frick couldn't bear the fact that workers had a great deal of control over the process. Steelworkers controlled the processes in the steel plants, in those days the most modern plants: they hired other workers and they led other workers. It wasn't the workers who changed to the Taylor model; it was imposed on them by Taylor and Frick and the like. And it was done in a culture that puts us out of work everytime there is a recession.

So workers and their unions tried to use the Taylorist model to say, okay if that is what you're going to do, and if my job is just this little piece, then I'm going to get some seniority protection for that job. We need new models of work organization where workers can participate, where they can really be involved. And we need to do this within a framework of some employment scheme.

Fourth, real worker involvement and empowerment involves much more than helping the boss do things properly in the shop. We've learned that the inadequacies of capitalism, the inadequacies of bosses in an authoritarian structure don't exist just on the shop

floor, they exist throughout the enterprise. And we have lost a great many jobs because in the executive suite, they were not nearly as smart or as well prepared as they should have been. We believe workers are entitled to, and have a right to a voice at every level in the enterprise from the shop floor to the board of directors, since they suffer most when the enterprise or the economy fails. And they are taking the biggest beating in terms of standards of living.

Finally, from our perspective, unions are not a problem in terms of the circumstances we face in our society -- they are part of the solution. One of the great competitive disadvantages that burdens America in today's global economy is the enormous hostility of the American system to the labor movement. Consequently, the labor movement in America, instead of being able to make a positive contribution as it does in Europe, and especially Germany, is fighting for its life. It is always fighting for its life in terms of union organizing. It is struggling in terms of collective bargaining, because if you exercise your right to strike, the most fundamental right of all, you are fired. You are not fired directly, because that is against the law, but you are fired nonetheless, because the employer can hire a permanent replacement and you never get your job back. So why should the union ever settle a struggle? That is why you see these terrible, unconditional surrenders as with Eastern Airlines, where the union simply has no option but to fight until the end and it destroys the boss or the boss capitulates. Sometimes the union is destroyed as well. But there is no point in making a settlement if the scabs are the ones who benefit, not the workers who are trying to achieve some level of decency. ♦

Michael Novak

Michael Novak currently holds the George Frederick Jewett Chair in Religion and Public Policy at the American Enterprise Institute for Public Policy, where he also serves as director of social and political studies. His studies on religion engage questions of public life, political economy, education and self-knowledge. Mr. Novak, who has served in both Democratic and Republican administrations, has written many articles and essays and over 20 books, including the highly influential The Spirit of Democratic Capitalism. As Ambassador, he headed the U.S. delegation to the United Nations Human Rights Commission in Geneva, and to the Conference on Security and Cooperation in Europe.

I started out as a Social Democrat, and over the last ten years on many of the most important battles we faced in this country, I was fighting with many of those in this room. So I'm very grateful to be invited here, and I'm glad to come back for a "gut check," if you will.

It struck me in reading the paper and in listening to the discussion this morning that it might be useful to think of social democrats as representatives less of ideology than of a very important tradition of thinking and of language. In other words, it is a history of concerns, and of inspirations and of ways of analysis. As events have changed, your changes in philosophy are called for. And one can see those changes reflected in the discussion paper.

In terms of the practical questions we are attempting to address, there is still a bit of unresolved business that has to do with the exact analysis of what

the capitalist system is. There is still a tendency to think about the capitalist system in the terms that Marx set forth and in the terms of the socialist tradition. Entertain for a moment the possibility that the analysis misfired. It never quite captured the heart of the American experiment, which is the capitalist experiment *par excellence*.

I want to point out three errors which are repeated in the discussion paper, which has so many good things in it and so many things that would reach a wider audience. One of these errors is the notion that is rooted in the labor theory of value, that it is labor that gives the impetus. I would have thought that it is mind. Mind often applied as labor. If you ask what is the simple answer to Adam Smith's question "what is the cause of the wealth of nations?", put in one word, it is *kaput* -- head -- mind. The capacity for invention and discovery. The problems that Lynn Williams dealt with so well spring from invention, discovery. At the heart of this system is *kaput*. We can predict that in 10 to 15 years, there will be another whole turn to the technological revolution, making life as different as ours is today from that of 20 or 40 years ago. If that is true, then I would want to argue along with Lynn that we need to pay a lot more attention to continuing with education and workplace education, enhancement of human capital, enhancement of the mind



of every person throughout the system. That is the real cause of wealth.

Second, there is a tendency in the U.S. to see capitalism here as a culture of individualism. I think that is not true. It doesn't hit the target. Each of my three children, before they were five, belonged to more organizations and activities and went to more meetings than my wife and I together could drive them to. Our children are not rugged individualists; they are made for community, for participation, for commonality, for joining up with others. That is the most distinctive trait of Americans, wherever you find them around the world. And it is very much in the tradition of social democratic speech. It is a better expression of it than European socialist language ever was, because it's free and voluntary -- and remarkable. Americans have always done things by joining together. The whole trick in founding civilization on this continent was building communities, building cities where there were no cities, building corporations and the rest. The primary invention of capitalism was not individualism, it was corporation, and the stock associations, and its vision was global from the very beginning -- the world of nations. The Socialist International is not the only course with an international vision. We're beginning to see it realized -- one universal market.

Finally, it is a mistake to think that capitalism is about *laissez faire*. It is not even true about Adam Smith. Adam Smith had a list of about 16 different functions the state needs to perform including education, which involves far more spending and far more activity than he ever contemplated. Since the beginning the government of these United States has been very active in the promotion of commerce, industry and the land grant colleges. Why would there be new territories built

around colleges except that the cause of wealth is brains, invention, discovery? It is in the heads of farmers and workers. The development of this kind of human capital is crucial and that is why this became the first developed country. And these things are done by an act of Congress. It is not against the American system to use government along with private invention and private discovery to make a richer civic society than was found anywhere else. The people of France do not have the experiences of engaging in associations to put up colleges, schools and hospitals that all Americans seem to exemplify. They took their problems to the state.

We are the originators of that rich life of a civic society. So there is a perfectly accessible American language. We're talking about the twin poles of our system, which from the beginning have been political economy. Both things, a polity, a government as well as civil society, even more important than government, and secondly a vital, dynamic, changing economy. You don't have to be a socialist or in the social democratic tradition to invoke an activist element and the use of government to promote the welfare of the people and aspects of the economy. We have done it all through our history. ♦

Discussion

Sam Leiken: The first question is addressed to Michael Novak. In your remarks you said that *laissez faire* is not in our tradition, that government has in fact regulated and initiated. How would you apply that to trade policy?

Michael Novak: The first people looking for protection were textile manufacturers. Now the semi-conductor people are looking for protection, as are the auto

companies. I see an ideal of open, fair and free trade. But we live in a world in which trade is very unfree, and where there are management restrictions of many kinds, whether for a particular region or industry, and we have to deal in both worlds simultaneously. I think the ideal is open trade. But it doesn't exist and so there is going to be political jockeying. We want to move towards reducing restraints in trade but we have to watch out for other interests simultaneously.

Sam Leiken: I have a follow-up question for Michael Novak. The paper calls for giving human rights issues the same weight as issues like freedom from expropriation in trade negotiations. What do you think of that?

Michael Novak: The United States is safer and better off in every way in a world in which human rights are respected. I would like to help educate people in business as well as in government to that fact. Business people are often trained not to think about anything beyond the business consideration, and they are considered soft-headed not to do that. That is a terrible mistake. A capitalist economy is a necessary but not sufficient condition for the growth of democracy and for the respect of human rights. We have also learned in Singapore and in Chile that democracy is a necessary condition for the long-term health of capitalism. You cannot solve the problems of succession or long-term investment if you do not have democracy. A culture of human rights is the only real soil in which both democracy and capitalism thrive. And it is in our political, economic and cultural interest to work for that everywhere we go and in every institution in society. We

have not learned that lesson as a society. We think of human rights sometimes as a piety, and in some acute political areas as a cause, but not across the board as a common ordinary nurture that we should be supplying everywhere. It would help us economically, politically and morally.

Sam Leiken: The American labor movement has been opposed to command economies and totalitarianism. It is also a supporter of managed trade. How do these differ?

Lynn Williams: I put the trade question in a number of contexts. One is the idea of fairness. If you are struggling for open trade to the extent that it can be achieved, most of the items that require us to move in a more managed direction are questions of fairness. For example, in terms of steel, the American economy has been much more open than other economies. Throughout the '80s when there was tremendous over-capacity on a global basis, the European Community restricted imports to about 10 to 11% with a series of voluntary restraint agreements (VRA's) and similar arrangements. The Japanese restricted imports to a level of 3 or 4%. The American market, until it reached crisis proportions in the 1980s and achieved a VRA in 1984, was up to 23-24% in import penetration levels and it went as high as 30%. We were being devastated by plant shutdowns and the loss of jobs. So fairness is a major element in this. Fairness is also involved with NAFTA, where we are trying to have an open trading arrangement with a country where wages are one-tenth of ours. Contrast this to the much more careful approach of the European community to the same kinds of issues -- where it had to

deal with Spain, Portugal and Turkey, but with a much lower level of differentiation. Fairness is a human rights question. Should we buy toys from China when we know the conditions under which most of those have been produced?

The other question is that of an industrial policy. Trade does not exist in vacuum. If we are concerned about maximizing the accomplishments of our society and making it the best society it can be, both in national and in global terms, we need an industrial policy. We need some general strategy, some idea where we are going. What kinds of industries are we trying to build, what kinds are out of date, how do we put this together? There is much criticism of planning as government intervention. Michael spoke quite positively of the understanding we have in America on the use of government. But in the last 12 years there has been an enormous attack on the use of government. People have been encouraged to think that government can do nothing and you should not pay any taxes. You should not have any focus on where you are trying to go. I think that is anarchy and we are paying the price of anarchy in many ways.

In a global economy, we also need some international policies. We need some economic development policies for America and for the Third World. The AFL-CIO is not interested in beggaring the Mexicans or anyone else. We all benefit from the most prosperous world we can achieve. We need some big thinking about how to put these sorts of ideas together. We have some interesting models. The Marshall Plan was a wonderful model, which enabled us to rebuild Europe, rebuild Japan and rebuild our own economy with something of a planned approach. We found ways to

build their economies that made use of our productive capacity. If that was possible in the immediate post-war world, why shouldn't that be possible on a much grander scale with many more powerful economies in the world today? I am very uncomfortable viewing Europe or Japan or any other country that has achieved economic success as a threat. That should be a plus. We should be able to bring all of that economic success together and build economic development programs both at home and abroad. That is the positive way to look at managing trade, not as a way of closing markets or limiting trade but managing trade within a framework of economic development programs both at home and abroad that expand trade and improve living standards across the globe.

Sam Leiken: Historically social democrats have a long tradition of internationalism, so any discussion of trade has to consider foreign workers as well as American workers. Isn't the creation of labor intensive industries, particularly in the less developed countries, a traditional step on the road to industrialization? And don't workers in those countries at least have the right to good jobs there, even if it means competing with American workers?

Michael Novak: That's the hardest question there is to face. If you think internationally, and you learn about what goes on in the Third World, then you want to see development there and that is going to mean industrial development to a point. My guess is that the best field for expansion in the Third World is small business. You can be almost sure that in Latin America, for example, 10 years from now there will be far fewer people working

in agriculture than there are today, just as there are far fewer than there were 10 years ago. I believe that you will see fewer people working for multinational corporations. There has been a lot of disinvestment in Latin America. The hope for the future is growth of small business. Present laws in most Latin American countries make that extremely difficult. It takes the equivalent of some 70 days to get a license to start a small business, and it takes the equivalent of \$7200 in fees and bribes, according to Hernando de Soto. So people who start small businesses in Latin America are working as criminals. There has to be a revolution in that. I would very actively promote the development of small businesses throughout the Third World as the key to economic development. That is where most of the jobs are.

Lynn Williams: Of course we want people around the world to have the best possible jobs and economic development. I agree with much of what Michael said. There is much to question about the multinational corporation path to economic development. They move into Third World countries with very high-tech, fancy manufacturing operations in the pursuit of a low-wage strategy. It's a policy of exploitation of workers. What Third World countries need are enterprises that employ lots of people, that are labor intensive, not ones that employ the fanciest technologies. I do not say that to deny the most advanced technologies to the Third World, but to develop appropriate industrial development strategies to manage these trade flows more effectively so we can determine what works best in the Third World, and what works best in an advanced country, instead of stumbling along and finding our way by accident.

Economic success makes finding a solution to all of these problems much easier. One reason we are having so much trouble with these trade questions is that our economies are functioning badly and there is enormous unemployment in all of these countries. For the most ruthless exploiters it offers an opportunity to hammer wages down everywhere. From a worker's point of view, one seems to be in eternal competition with workers all over the world. It creates enormous friction. If there are successful full-employment economies, these changes and development can be managed much more easily.

President Clinton is right on target in that regard. The fundamental problem is to get our economy going so there is more purchasing power, more jobs and better wages. Then we can manage to do things for ourselves and play a more constructive role on the world scene.

Larry Mishel: I have several problems about this discussion on trade with the Third World, and how we need to cede our low-wage, labor-intensive work to them. I sympathize with the internationalist sentiment. One of the problems is that people's definition of low-wage or labor-intensive comprises what three quarters of the U.S. work force actually does. The kind of work that goes to Mexico actually involves some very skilled work in electronics, autos and other areas. We cannot simply say we should cede the jobs that multinational corporations want to move and there will be other jobs for people here.

That raises another problem. If we concede the lower rungs of the ladder, there are no higher rungs that we are going to. People also tend to forget that some of those industries we are being asked to cede, like textiles, are essentially industries where our own Third World

workers are employed. What we are really being asked to do is to cede our Third World jobs to other Third World workers. It is a tough problem that has no simple solution. One of the simple solutions the left talks about is spreading labor rights to ameliorate our trade problems. That is a good thing to do, but it's essentially a human rights issue, not an economic issue. Take the following situation. Economists find that if you have unions, you raise wages 15-20%. If we compete with a Third World country with wages 10% of ours, and its workers become unionized and get better collective bargaining rights than we have, then their wages will be 12½% of ours. That does not significantly change the dynamic. But it will change over time. Those workers will catch up quickly to us and that is appropriate. We have to recognize that this is a world filled with billions of low-wage workers, starting in China with the very lowest wage workers who are now exploited by multinational corporations from a variety of countries.

I express my solidarity with Third World workers, but it is a human rights issue, not a significant economic issue. There are other ways of dealing with Third World development than are being practiced now. The United States takes in some 60% or more of the exports of the developing countries to the First World. Those exports do not go to Japan or Europe; we are the consumer of last resort. Are we obligated to do that? There are other models which include trade with the First World but also among the Third World which is starting to develop in Asia. All the goods do not have to come here. While we should be concerned about their development, and be open to the imports from these countries, there are other mechanisms that we ought to try as well.

Lynn Williams: I want to respond quickly to my good friend Larry. I agree very much with his second point. My memory is that Europe takes about 22% and Japan about 6%, while we are taking 60% of Third World goods and that is a valid point. But if in the Third World labor rights and human rights did increase wages by the percentage you say unions contribute, in a macro way that would be an enormous increase in purchasing power across the world and that would surely make all these problems more amenable to resolution.

I want to make that point domestically to the new administration: the goal of strengthening the middle income group in America will not be achieved without the labor movement. Before unionization, my industry had all these elements that we talk about. Carnegie and his like made billions of dollars, they had a very well-trained, skilled workforce, to run the industry and they exploited the dickens out of them. They worked 12-hour days, they worked seven-day weeks, they had child labor, they had no vacations, they had nothing. That did not change until they organized. Organizing and building a union made all the difference. We will not really restore our economy without labor unions. We can train everybody, we can put them in good jobs, and we can have very successful corporations, but if there is no counterbalance to the corporation's desire to maximize profit, and the only counterbalance in a democratic society is the labor movement, we will not rebuild the middle class.

Michael Novak: One outcome of the prestige of the American system, the combination of democracy and capitalism around the world, is that we have an extraordinary platform internationally. In Latin America, small practical things just don't occur to people

because they are not part of their tradition. If we begin to say important things in season and out, it will have a great effect in Eastern and Central Europe and in Latin America. For example, nobody in Latin America says better paid workers buy more cars. They have not had their Henry Ford. They have a totally different culture in which the state has done absolutely everything, and they have no tradition of what individuals can do, or associations of people together can do if they put their mind to it. We need to have a much better loudspeaker to put out our ideas. We need to fill the media with the kind of ideas that really transform societies, and we don't do that.

Joel Freedman: At the risk of frightening a few people, let me utter the words "class struggle." The paper understates the redistribution of income that has occurred in the last 12 years. It says that there has been an increase for the top percentage of the population of 77%. While that 77% is a correct figure before taxes, the after tax figure is 102%. At the same time, there has been a disembowelment of the Wagner Act. During this period, a considerable number of people have been fired for union activity. Under the current law it takes them several years to get their jobs back, they have deducted from whatever they have as their back pay any money they've earned during that period, and there is no punishment for those who have purposefully violated the law. These are questions of democracy that civil libertarians ought to have taken up but they have not. There has been a suggestion that there is no distinction between liberals and social democrats. Well this is one of those distinctions. The liberal establishment said nothing about this. In our new Labor Secretary's latest

book there is essentially no reference to trade unions. There is on occasion a discussion of how other partners in society ought to participate in economic decision-making, but those partners are business partners, not necessarily trade union partners. I suspect more of a benign neglect than an antagonism. But my suggestion would be that by building unions, you can assure greater participation. To the degree that it builds industrial democracy and to the degree that it creates the balance the Wagner Act called for and reduces the class conflict of the last 12 years, it will be building democracy, and building our economy.

Paul Starr: On the point of whether liberals have been concerned with the growing inequality of income, I beg to differ with you. It is mainly liberals who made an issue of it. Bill Clinton certainly made an issue of it in the campaign, very frequently referring to the growing gap in incomes. The question is what are the causes and what can be done about it. Part of the cause is the globalization of markets and it is a phenomenon that is taking place in Europe as well as the United States although not to the same degree. So it is partly a matter of very strong international economic forces at work that have put lower income people in sharper competition with low-wage workers overseas. But at the same time this globalization of markets has enlarged the market available to Americans with higher skills and they have in effect been selling their services -- financial and other services -- on the global market and reaping the rewards. But there is a very important ingredient of public policy -- of tax policy, of labor markets -- and I agree completely with the points the speaker made, and I think you will

find that Bob Reich is a good friend of the labor movement.

Martin Sklar: I agree with Brother Freedman's remarks. I don't see how we can have a democracy without a free trade union movement and there can't be a free trade union movement if workers strike and are replaced. Socialists and others who are concerned about the trade union movement as vital to our society should make a high priority of labor law reform, particularly to change that part of the law, and put pressure on the administration to make as pro-union an NLRB as possible.

Penn Kemble: In thinking about the distinction between social democracy and liberalism, and listening to Paul Starr, I remembered Michael Harrington's comment on this which many of us felt was a very inciteful and helpful one. He described liberalism in the U.S. as a broad tent within which there are a number of distinctive threads, and the social democratic thread is a rather distinctive and important one.

At the same time I get a little anxious when I hear it argued that people with our tradition ought to liquidate ourselves into this broad amorphous thing called liberalism. It goes back to the real experience that many of us had when we first became politically conscious in the early 1960s. Those of us who took the big step at that time to become democratic socialists or social democrats were continuously told that there was no need for that. In a period of a few years, we found ourselves plunged into controversies and divisions in this country in which the distinctions which our movement drew became extremely important. People who failed to

draw those distinctions were drawn into some terrible error.

There are a few issues in today's debate that are illustrative of important distinctions that justify the need to maintain our traditions and our own community. There is an important difference between those who invoke democratic solidarity and those who invoke a notion of diversity or separatism -- cultural and civic separatism which can be very dangerous to the liberal values that we at least uphold. You do not see much of it on this panel, but if you go out into the Democratic Party and if you go into the Department of Commerce for example, you find great differences between those who take a free trade view and those who believe that trade should be integrated somehow into a concern about social good or social democracy. You see some real difference emerging even within the big tent of Clintonomics between the kind of managed or *dirigiste* approach to the economy and those who believe that economic intervention by government has to be founded on popular constituencies and their interests. The *Wall Street Journal* recently published some excerpts from a book by Laura Tyson in which she was describing the economy of Yugoslavia in her doctoral dissertation. It appeared that she did not understand that the Workers' Councils really had nothing to do with democratic trade unions. A tradition such as ours may help people understand that distinctions such as these have a fundamental importance.

John Atlas: In this lengthy discussion on the economy, there hasn't been any mention of one key issue. It is an issue that dominated discussions of economists who are worried about economic growth. It is the issue that

dominated recent discussions by Clinton's economic advisors. It is the key issue of the recent social movement led by Ross Perot. That issue is the deficit. I would be curious how you analyze the problem. Is it a serious problem? How do you solve the issue of the deficit in relation to a high-growth, high-skill economic growth strategy?

Paul Starr: There has been a growing panic based on forecasts on the deficit and this has raised the alarm and created enormous pressure to cut back the Clinton public investment program. If you take a look at these numbers, in the early years there is additional money for the savings and loan bailout, but for the rest of the decade, the single biggest cause for these rising projections is health care costs. In fact, by the end of the decade if the projections are correct, health care will go from 14% to 18% of the Gross National Product. If health care could be kept at the present level, the deficit would fall back as a percentage of the GNP to where it was in the 1960s. The President has very clearly understood that his ability to carry out his whole program depends very heavily on controlling health care costs. It has become the pre-condition to doing many of the other things that he wants to do. It would be a tragedy if he were to dump one part of his program, public investment, on the assumption that another part of his program, health care cost containment, will fail. That is what some people are asking him to do, to make decisions now about public investment which have very long-term implications on the basis of forecasts that assume no change in current health care policy. The two have to go together.

Larry Mishel: Those who advocate austere budget deficit reduction as a mechanism of growth are resorting to pre-Keynsian economics. There are problems with having high deficits; they need to be reduced. However, reduction of deficits in and of itself will not generate growth, in fact it may even cause problems for growth. The point is to get growth and to raise standards of living. Deficit reduction is part of that but not the end of that, the way it is often discussed by Perot and my fellow economists.

Nancy Mills: I first have a comment and then a question. The comment is that it is not just for-profit corporations that seek to depress wages. As unionization within the public sector has expanded to the rates that it used to be in the economy as a whole, the public sector is acting like any profit-greedy corporation, seeking to economize by privatization. And privatization not simply in an attempt to seek more innovative, creative ways of producing services but to employ workers without giving them health insurance or pensions. Unionization that is confined only to one sector of the economy creates that same flight to seek lower costs in the form of human misery, be it in the public or the private sector.

My question is related to that. It is not an accident that the public sector is the leading part of our economy that is unionized. Public sector workers are becoming the steelworkers of the labor movement. What do we need to do to expand unionization? Yes, it is true that the firing of pro-union workers is a cause of the slow spread of unionization. But isn't it also true that the response of the labor movement to the Taylorist forms of production has meant that we spend 95 cents out of every dollar on servicing our membership? We

have to make sure that we give our existing membership the seniority rights to that lateral transfer. We get involved in the most minute details of the relationship between employer and employee. What can we do to stimulate more resources within the labor movement for organizing? Would it not be advantageous for liberals and social democrats in the labor movement to be thinking about much thinner documents, much thinner collective bargaining agreements that deal simply with wages and benefits and step back from our micro-managing the relationship between employer and worker?

Lynn Williams: First, let me express my enthusiasm for public sector organizations and growth. The steelworkers are still here, we are not quite replaced. Nevertheless, there is no question that in terms of preserving the labor movement and rebuilding its base for its future success, public union organizations are going to be absolutely critical. What do we need to do? First, the law needs to be changed. That is more significant than anything else. People tell you all sorts of things about Canada -- different ideas and a different political atmosphere -- but the heart of the difference in the percentage of union organization is that while both started with the Wagner Act or its equivalent as its base, that has all but deteriorated in the U.S.

Second, I do not believe you are quite right about what we have done to protect workers, to help them move to a better employment relationship. One of the glories of our labor movement is that we have looked after individuals much better in the workplace than the union movements in Europe or Japan. That is a sweeping generalization, but it is fundamentally accurate. I would not want to give it up because we have to do some other

things. But, and it is a difficult challenge, we do have to shift far more resources into union organizing and focus on that as our primary task. A labor movement that is not out organizing the unorganized is not worthy of the name labor movement. We are making headway. Certainly in my union, despite all our difficulties, we use far more resources today, proportionally, for union organizing purposes than we did in the heyday.

Finally, we have to change the whole attitude of society. We need to be much more aggressive in saying that unions are part of the solution, not part of the problem. America indeed is harmed by attacking its labor movement all the time. We would be enormously assisted if the country came to appreciate the value of its labor movement. Our friends are particularly valuable in this context. There are a great many of our friends in their normal occupations representing the people of America who depend on us for political support, but I don't think they understand, to the depth that they should, that their future and the future of progressive politics in America is threatened with destruction if we permit the labor movement to be destroyed. The organization of workers provides a foundation. There is not a good cause in America, in terms of human rights, civil rights, civil liberties and on and on, for which the support of the labor movement is not critically important.

So those are my three points: change the law, shift resources and do a better job in the labor movement, and change the attitude of society, particularly among our friends. ♦

THE POLITY

*Ronald Radosh
Seymour Martin Lipset
Will Marshall
Fred Siegel
Commentary*

Ronald Radosh

Welcome to the panel on the polity. We are very honored to have a distinguished, and I hope controversial, panel of people who will shed some different perspectives on questions of politics in America: How do we achieve change? What are the special interests? Are trade unions special interests? What is the nature of reform groups? What is the role, if any, for social democrats in this new movement and new era?

Directly following will be the session on the community, which deals with vital moral, cultural and social issues of our day. Since the polity and the community interact, we will have a joint discussion period covering both topics. ♦

Seymour Martin Lipset

Seymour Martin Lipset is the Hazel Professor of Public Policy at George Mason University, a scholar with the Progressive Policy Institute and the Woodrow Wilson Center, and a senior fellow at the Hoover Institution of Stanford University. His work spans the fields of political sociology, social stratification, public opinion, and the sociology of intellectual life. Mr. Lipset is currently the president of the American Sociological Association and has previously served as president of the American Political Science Association. He is author or co-author of 21 books or monographs, including the award winning Political Man, The Politics of Unreason, and The First Nation.

Social Democracy can be summed up as egalitarianism -- a more egalitarian, democratic society. This is what the social democratic movement has always stood for. But one has to recognize that the means that social democratic movements and parties around the world now accept to further these continued aims are literally 180 degrees from what they originally accepted.

I wrote a paper a few years ago entitled "No Third Way," which looks at all social democratic parties from Australia to Sweden to Japan to Israel, etc. And all of them, not most, *all* of them are now for a market economy. Each one has given up the goal of anything you would remotely call socialism. Not only are they for a market economy, but most are, for example, against a capital gains tax. On an issue like the capital gains tax, most social democratic parties agreed with George Bush, not with the Democrats.

Many years ago Tony Crossland, who was Chancellor of the Exchequer in the British Labor Party government, said he didn't understand the logic of a capital gains tax. Because after all aren't you interested in investment? Isn't investment what makes the system go? A Labor Prime Minister of Australia, made the point that the movement never understood the role of profits. It thought profits went into the pockets of capitalists. It did not understand that most profits go into investment, and it is in the worker's interests to increase profits. And he boasted of that as the role of his party.

In Argentina a few years ago Felipe Gonzalez, the Prime Minister of Spain, told a group of trade unionists that the state was not an effective instrument of economic policy, that "everything the state touches turns to ashes." This is a socialist Prime Minister of a major state who in 1975 was the leader of the Marxist wing of his party. A recent *New York Times* article



talked about how the Labor Party in Israel is much more of a free enterprise and free market party than Likud, which is a more populist party. With any one of these socialist parties, the entire meaning of how you achieve the ends that social democrats still stand for has changed enormously.

I would like to suggest that historically the Socialist Party in the U.S. was a sectarian party, and it made some major mistakes. It opposed the movement within the AFL for a Socialist Party in 1910. During the

'30s and beyond it opposed an early collaboration with the Democratic Party, a tactic which communists used effectively and which Norman Thomas was later to admit was a mistake.

The question is, what does one do today?. As Amitai Etzioni said, what is needed is a movement. But a movement has to stand for something. I think you have to have a movement for effective change towards more egalitarianism or democracy in this country, of which social democrats should be a part. But there are many others with whom basically there is no disagreement. For example, while the Democratic Leadership Council (DLC) has various programs and policies with which some social democrats disagree, I do not think there is that much difference. We need to get together if we are going to have a broader, more effective movement in this country to push this administration. Outside groups have to press. The Heritage Foundation never let up on Ronald Reagan, and I do not think we can let up on Bill Clinton. But one has to be organized and not splintered into little groups.

One issue has been raised about *The Mandate for Change*, and since I wrote an introduction to it, I want to respond. The issue is why there is no chapter or position on unions. I have been much more involved in unions than others in the DLC or the Progressive Policy Institute (PPI). In fact what I consider almost my sole contribution to the 1992 campaign is that I helped bring Bill Clinton and Lane Kirkland together. But the problem with a chapter on unions is that it would have to be analytical: Why is the union movement getting weaker in this country and almost everywhere else? If you look at the statistics for Britain, for Japan, for

France, the trajectory is down, in some countries very rapidly. Why are unions getting weaker?

One of the reasons common to most industrialized countries is structural. The kinds of jobs and industries where unions have been strong, like steel, have been declining -- there are fewer of them. I once wrote a book on the typographical union. Well, there ain't no typographical union anymore because there are no printers, no compositors. But the other aspect is workers' attitudes. One has to face the fact that workers, for whatever reason, are less pro-union. They get less out of unions now.

Finally, I want to make a point about structural changes and class reactions. John Kenneth Galbraith's best known book, *The Affluent Society*, did very well in part because of the title. But the title is a misnomer. The book is really about poverty. In *The Affluent Society*, Galbraith made the point many years ago that one of the changes that has happened in society was that the lower class was no longer a class, it was no longer just poor workers. It was people outside the system. It was the handicapped, it was people of low IQ, it was single mothers, it was old people. These were groups who could not organize on their own behalf. The book is an argument for why the middle class has to get active to do something for these people because they can not effectively organize on their own behalf. This whole question of what has happened to class structure and to different groups in the society is again one toward which we must direct our attention. ♦

Will Marshall

Will Marshall is the president and a founder of the Progressive Policy Institute (PPI), a public policy center established in 1989. He previously served as the policy director of the Democratic Leadership Council (DLC). His campaign and political experience includes the campaign of former North Carolina Governor Jim Hunt and the staff of the late U.S. Representative Gillis Long of Louisiana, the chairman of the House Democratic Caucus. In addition, Mr. Marshall was senior editor of the 1984 House Democratic Caucus policy blueprint "Renewing America's Promise."

I am someone who stands outside the social democratic tradition, or at least grew up outside it. But I appreciate the opportunity to come here and at least allay some suspicions about the DLC and PPI that I know lurk in these quarters. In reading the paper I was struck by the way your attempts to rethink social democracy coincide with ours to recast contemporary liberalism. The convergence is stunning and I was left with the same question Paul Starr raised this morning, whether the topic might better be rephrased: What are the fundamental distinctions left between liberalism and social democracy? Are there some fundamental differences?

Let me go through what I regard as the points of convergence between our thinking and the points in this paper before turning to the most obvious tension in our outlooks which involves the political and economic role of unions.

We have in common: a rejection of neo-classical economics; the embrace of government activism to promote economic and social progress; the need for vigorous public action to reduce disparities of wealth and to equalize opportunities, not outcomes, and the factors common to all wealth producing activities rather than specific sectorial areas. Like Paul Starr, I was struck by the absence of references to planning and collectivist tendencies that I might have expected in a social democratic document. I also was struck by the language that was critical of our liberal welfare state. We devoted a chapter in *Mandate for Change* on ways to empower the poor, not merely to mitigate their suffering through marginal adjustment and transfer payments, moving away from current social policy to a work-based policy -- one that shifts the focus of public subsidy from welfare to work.

We seem to be right in sync with what the paper calls the internationalist imperative. We share the view that the strategic approach to promoting democracy, human rights and markets is something that is consistent with our democratic convictions and our security interests. I concur with the paper's argument that the multicultural agenda tends to erode the spirit of tolerance that makes true multicultural diversity possible. We have to vigorously defend the civic ethic that binds us together as citizens. And lastly, it may be stretching it to call this a point of convergence, but the paper at least acknowledges the growing debate about what I call bureaucratic dysfunction. We advocate what we call entrepreneurial governing. The idea is to move away from the bureaucratic model of governing to try to inject choice, competition and market incentives into the provision of public services. It is meant not simply to

control cost, although that is an important motive, but also to empower people in the public sector to do their jobs as they are capable of doing them and to provide better services. And to surmount this terrible skepticism about government that leads to the tax allergy that we have seen again and again in American politics.

We believe that progressives, social democrats and the like have a Nixon-to-China opportunity to reinvigorate progressive government by trying to explore some of these entrepreneurial governing ideas like public school choice, managed competition for health care, trying to use green charges and green taxes to combat pollution. This is a subject worthy of deeper exploration. It offers the best answer I know of to the conundrum facing parties of the democratic left everywhere, which is how to reconcile our desire for public activism with the public's aversion not just here but around the world to bureaucratic arrogance, rigidity and failure.



Against these vast areas of agreement, our differences seem very small, but we ought to talk about them. I suspect we may have some disagreements over how you redirect federal spending away from current consumption and toward the kind of investment we need to make our workers and firms more competitive in a global economy which forces us to make some very tough choices on social spending.

Where I really got lost was in the section of the paper on industrial democracy and on the trade quandary. There is a swipe at *Mandate for Change*. The paper alleges that there is an anti-union animus that I am unable to detect. And the paper says that the book never mentions unions, which is not true, but it mentions them in the unfortunate context of dissolving sources of security for workers in this new global economy based on a new agile production system, which stresses customized production and mental agility. The chapter is actually written by Doug Ross, and he argues I think persuasively, that we need to rethink the sources of worker's security in this new system. He argues that a source of security is the ability throughout your lifetime to get the kind of skills, education and training demanded by the new production system and the new modalities of the service economy.

In the book we call for a new compact with workers which has three elements. One is an employment insurance system which would complement the unemployment insurance system. We argue against waiting until someone has lost a job. We are trying to help people get continuous upgrading of skills and the training they need to change jobs and careers, which increasingly is going to be the norm in this economy. The second idea borrows from the German example to establish a comprehensive system of school-based youth apprenticeships to help the non-college bound get certified skills and on-the-job training. Third is the requirement, and Bob Reich has raised this, that firms pay a tax of 1.5% of their payroll to upgrade the skills of their workers. So our book does say a lot about empowering workers, a lot about the sources of worker security in the new economy.

But the paper is quite right in pointing out that we do not explore the role of unions in this new compact and we do not analyze the reasons for the decline in the economic and political power of trade unions. This is undoubtedly a serious omission, and not the only one in this book, but I can assure you it is not so much from animus as from uncertainty. We have done some thinking about it preliminarily, but I do not know what the answer is. I do not know how unions today redefine the rules that become more relevant to workers in this new economy. I have some ideas but I suspect that the people in this room are the folks who are going to have to do the serious thinking here and we would love to collaborate with you on that front.

On trade the paper takes what I would regard as a very sinister view of trade and global competition and I found the discussion very unconvincing. It does not take into account how dependent on exports our economy has become, and it does not even admit the possibility that the protectionist pressures sometimes generated by unions may be aimed at protecting particular jobs and particular industries as opposed to protecting the broad interests of working people. We know the impact of the global economy is exceedingly cruel, devastating on certain industries and communities. But the right response is not to stifle competition and risk lowering everyone's standard of living but to match our competitors' investment in worker security, education, training, research and development, and all the human and capital factors that we need to upgrade to become more competitive.

Finally I want to express my thanks and hope that we can continue this because I think the possibility

of some kind of fusion between our tendencies can be quite formidable in advancing the common cause. ♦

Fred Siegel

Fred Siegel is senior editor of The City Journal, a quarterly review of New York and urban affairs, and a professor of history and humanities at The Cooper Union. A former Mellon fellow and a fellow at The Institute for Advanced Study, he is the author of two books, The Roots of Southern Distinctiveness: Tobacco and Sociology in Danville, Virginia, 1780-1865 and Troubled Journey: Pearl Harbor to Ronald Reagan, and numerous articles in academic and public policy journals. Most recently, he has written an extended essay on "The New Left, the New Right and the New Deal" for the Festschrift honoring Arthur Schlesinger.

I want to add some wrinkles to the paper. First, if the authors had looked at the world through New York, they might have written a far more pessimistic paper. Just living in New York is an exercise in pessimism these days. In the 1980s the New York City budget jumped from \$10 billion to \$30 billion, as the quality of services declined and the social breakdown accelerated. Politics degenerated into the cultivation of cultural hatreds such that in the last Senate race, the economy went virtually unmentioned, even as New York, which is 10% of the nation's economy, lost 37% of the jobs in this recent recession. This collapse of extraordinary proportions was not debated during the Senate race. The debate was

about cultural issues, about who had been more victimized.

The cynicism about government is not exclusive to New York. Around the world, there are extraordinarily low levels of approval ratings for all governments. As bad as Bush's ratings were, Mulroney's were at 17%, Mitterand's were at 26% and the approval rating of the Italian government is so low it probably cannot even be measured. I would argue that in the United States, and New York in particular, since we are in the vanguard of decline, there is an additional reason for the disrepute of government, and that is the excessive forms the rights revolution took on -- the selling off of state sovereignty to interest groups which undermined the notion of the government as the agent for common purpose. I want to give two pithy examples.

Three blocks from where Ron Radosh formerly lived we have a man known as the wildman of 96th Street. We have someone living on a Veteran's pension, probably insane, probably violent, pushing children into the street, threatening people day in and day out, and somehow no one is accountable. The medical authorities, the police, everyone has an explanation for why they cannot violate the rights of someone who is apparently mad and violent. He has been shuffled back and forth from institution to institution and then back into the streets for long stretches, until he does something violent again and then the shuffle continues.

There is a second example of the rights revolution run amok. Everyone who has walked around New York City knows that you need public toilets. A French firm offered to put up public toilets for free. The city rejected the offer but allowed a series of test toilets. It almost did not happen, however, because handicapped rights groups

initially insisted that all the toilets be accessible to the handicapped. Then they insisted that the same number of toilets be set aside for 99.99% of the population as for .01% of the population. The experiment took place -- there were compromises worked out -- and after six months it was dismantled because no final agreement could be reached. So after six months of relief in midtown, people are on their own again.

I want to add three major shifts that explain the difficulties for people who are social democrats today. One is the shift from manufacturing to government employment. Second is the shift from an assimilated to a largely immigrant population in some of our cities. Third is the shift from big business to small.

First, the shift from manufacturing to government. The social solidarity associated with social democracy developed in a world of shared struggle against manufacturing. From a society where government was limited and giant corporations dominated the economy, for the first time in our history we now have more people employed by government than employed in manufacturing. What does that mean? Off the record, a New York City private sector labor leader complained to me that for his workers, the chief enemy in New York is no longer the employer, it is the tax collector -- the City of New York. This is an enormous shift.

In New York, we have a sense that government is in business for itself. For example, over the past 20 years, the number of sanitation police has been doubled, while the city is dirtier than ever. We have doubled the number of people who are sanitation police, but we have halved the number of people who actually perform a social service -- who clean the streets. So, we get more revenue from sanitation, and the streets are dirtier.

The private sector has had to step in. We have things called Business Improvement Districts, which essentially supply the public services that government used to supply. They clean the streets, they provide patrols, they put up signs, all the things government used to do before



it got splintered into a hundred different interest groups each of which had its own set of rights, its own claims against government, none of which were necessarily claims of the society at large.

The second huge shift is from big business to small. Since 1980 the Fortune 500 Companies have laid off 4½

million workers and they are continuing to shed. Almost all new job growth has taken place in small business. This is an enormous shift, because much of the support for social democracy came from a fear of concentrated business power. As IBM collapses, some of that support dissipates.

The kind of agreements you can work out between big government and big business in terms of worker mandates, health benefits, etc., become harder to arrange with small business. It becomes harder to use large companies to serve larger social ends. Here I am mildly optimistic. Bill Galston hit on it in his talk. The growth of small business gives government, if it can act in a competent way, an opportunity to step into the role that the agreements between big government and big business once played, because small business people are not going to be able to offer social insurance or medical insurance.

In New York, Blue Cross and Blue Shield is essentially broke, and the burden of fixing that is essentially falling onto small business people who have to lay off workers. This is a place for government to step in and serve as an honest broker. You can see the same thing with the break-up of Bell Labs. When Bell Labs had a monopoly, it could do research for the whole country. With Bell Labs breaking up, it is important for government to step in and do some of that research.

One last point. Immigration has not been mentioned in the paper. Again, this is a view from New York and also to an extent from Los Angeles. Immigration has had an enormous impact on notions of social solidarity. The history of social solidarity and social democratic movements in America is such that it was only after the great immigrant wave was absorbed and something of a common culture formed that the great social gains of the 1930s were possible. Since then, there have been two great waves of immigration, one of black Americans from the South to the Northern cities, which shattered some of that social consensus that was created in the '30s. And the second is a huge wave of new immigration which has also shattered that social solidarity. It will take time before these new populations are absorbed and share enough of a common culture that those fractures do not inhibit social democratic organizing. Talking to people who are workers, ordinary middle class people in New York, I sense a tremendous danger. A combination of the downward pressure on wages exerted by free trade plus some of the downward pressure created by immigration creates a combustible situation in which people feel themselves enormously vulnerable. Here too there is a role for government, if government could perform competently.

Let me close on an optimistic note. It is not my nature, but I will do my best. I had a conversation recently with a labor leader in Los Angeles. He was talking about the difficulty in organizing immigrant workers, operating in small to medium size businesses -- the future of Los Angeles. He said that there was a useful model in the past, and that was the Knights of Labor. He said his vision of organizing labor in the future was a combination of workplace and neighborhood organizing. That if labor organizing was going to succeed in Los Angeles, it had to have a larger communitarian vision to try to bridge a few of the gaps that were mentioned here in the last two days, and to draw in this new generation of workers, who had to be organized both in their homes and in their workplaces. ♦

Commentary

Jim Chapin: I was asked to comment on the paper. I am not speaking as a representative of Democratic Socialists of America; these are my own personal comments. First in terms of the paper itself, about 80% of it could have been passed at a DSA convention. I have two rules I would like to impose on it. The first rule is that nobody refer to anything that happened between 1914 and 1991. Most of the 20th century has been a waste. We on the left spent 77 years fighting over communism, and the fact is historically, the world is about at the same point it was before 1914. If you talk about the world in 1905, what do we have? We have a rising Germany and Japan, we have a declining Russia and China, we have a war in the Balkans, we have a

prevailing view that liberal capitalism is going to be the wave of the future. This is the world in 1905.

Most of the 20th century has been a long detour and diversion to everything everybody had to say and do since 1914. I say 1914 not 1917 because World War I is a big part of the explanation for what went wrong in the 20th century. The 20th century should be forgotten; basically it was a lousy century. Joel Freedman and I agree on most questions, just as I agree with Al Shanker in his talk here. Once in El Salvador in 1989, Shanker and I ended up having a debate about the Vietnam War. Let's forget about the Vietnam War. Let's forget about everything that happened in the struggle against communism, which Irving Howe called the sad necessity; it is over.

For socialists and social democrats the key question is, what is next? The twenty-first century, the third millennium is upon us, so let us deal with that. Do not use platonic categories like the left, the right; I am not sure what they mean. We are going to make new friends among old enemies, and new enemies among old friends. The divisions in American life are going to change in all sorts of ways. I am actually optimistic about the fact that this old division is over and we can deal with other questions.

But the paper itself is a little too balanced. There should be a little craziness here. You are dealing with socialism and social democracy in America. Let us understand that that is a hopeful project but a crazy project. It is written from the center, and that is a wrong place. The center is a useful place to think about politics but it is not a very useful place from which to do politics. Gilbert and Sullivan are right: everyone is a little conservative or a little liberal when they are born, and

that is, in a certain sense, what we have to keep in mind.

Ironically, my second point is almost exactly contradictory to my first point. Socialism and liberalism are not necessarily in accord. Socialism is a more conservative doctrine in some ways. The defenders of capitalism often talk about capitalism's creative and destructive powers. Capitalism created Detroit and then destroyed Detroit. It created Los Angeles and now seems to be on the point of destroying Los Angeles. Socialism is protection. I do not mean protectionism -- although it can deteriorate into that like it can deteriorate into patronage -- but protection. If there is anything that socialism should stand for, and social democracy certainly should stand for it, it is protecting people from arrogant elites who try to destroy their lives. If I understand the emotional center of this paper, it is against the kind of people who say pass the North American Free Trade Agreement, without thinking about the workers, saying it is for their own good in the long run. And the same people say let us have a rainbow curriculum and tell everybody what they have to do. In other words, it is government seen as an instrument of some people telling other people what to do -- in the long run it will be good for you. Not trusting democracy, in effect not trusting populism.

We have to remember that America is an evangelical Protestant society, not in the composition of a majority of its population but in terms of the rhetoric or style. This paper is not evangelical in its rhetoric or style and therefore it falls down in a certain basic sense. The reason that Eugene Debs and Norman Thomas had that kind of style was because it is the dominant political style -- whether it is the right, the left, or the center.

Third point. I cannot resist the pun here. You have a paper about social democracy without reference to actual existing socialism. Something important happened in the 1980s. For the first time since the '30s, a majority of people who called themselves socialists in America and belonged to socialist organizations were democratic socialists belonging to democratic socialist organizations instead of undemocratic socialist organizations. All the activities of all the people who call themselves socialists in 20th century America probably did more to retard the advancement of socialism than to advance it. The reason is very simple: the majority of people who called themselves socialists in America were associated in effect with the Communist Party or that gang which formed the New Left.

If you are going to be on the left, you have to think of constituencies. Let me mention just three. First, the paper does not discuss environmentalism. And you have to think about the whole vast church community. It is not just the National Council of Churches; I am talking about the mass constituency. The third group is the community activists. This whole business of public-private interaction is terribly complicated.

This is a hopeful development. We hope to be in continuing dialogue on these questions.

Carl Gershman: I'm sure you didn't mean to set it up this way, but it's like nothing happened during the past 20 years and we're back to the split of 1972. I want to contest Jim Chapin's interpretation that the 20th century was a detour. I think, more properly, communism was the detour. Communism was a dead end. And it was, indeed, not something that can be very casually

dismissed, now that it's over. It's a big mistake to dismiss something as significant as the struggle between democracy and totalitarianism in the 20th century.

The Social Democrats played a unique and historic role during that period. It's very important to understand why they played that role, what motivated them to play that role, what was at stake in this struggle. And it was indeed a struggle for the democratic idea.

I would argue that the social democrats fought for that idea, believed in that idea, with a special fervor, perhaps in part growing out of the competition, the rivalry between communism and social democracy. But also, I think, deriving from something that is perhaps not always conscious to us but is deeply rooted in the American political tradition. We were not just social democrats during this battle. We were also Americans, perhaps in ways that we didn't fully appreciate.

Now that the Cold War is over, it may be opportune to try to return to some of these original concepts of democracy that didn't derive in the 19th century, certainly not from Marx and not even from someone like Eduard Bernstein writing at the end of the 19th century, but frankly a century earlier in our own historic tradition. Why talk about Eduard Bernstein and evolutionism in the late 19th century when you have figures like James Madison whom you can refer to? Or Thomas Jefferson and civil society and individual liberty? And on through our traditions. Frankly, the tradition of internationalism we represent has a lot more in common with Woodrow Wilson and the traditions of a democratic internationalism than most major figures one could identify in a socialist tradition.

The dilemma that we face, and I would like Marty Lipset to address it because I don't know anyone who can speak more intelligently about this than he, is one referred to some 60 years ago by Leon Sampson who wrote a book on why socialism failed in America. He said Americanism really embodied the values of socialism and Americans weren't interested in socialism because they thought they already had it in Americanism. The question is, can a social democratic movement seek to embody those values, and I might say the tradition of what Jim Chapin called evangelical Protestantism, in the way this is articulated; can we seek to embody these values without sacrificing our identity as social democrats?

I think that we can, because I have interpreted social democrats as people who are radical democrats. Sidney Hook's keynote speech to the 1976 convention of Social Democrats, USA referred to social democracy as not so much a political concept as a moral concept. Social democracy as a way of life. These are people who lived, breathed, wanted to fight for it in every place where it was endangered. And in a sense, it is Americanism as a way of life, the Americanism that derives from our own political tradition, a political tradition that is now indeed in a process of becoming globalized. Having started as an experiment in self-government 200 years ago in this country, it is the ideas of the American Revolution that are now being taken over. And in a certain sense, we stand in that tradition, I would argue, as much or more than we stand in a tradition that derived from some German thinker in the 19th century. The more that we can understand this tradition, see our different roots in it, begin to identify values and the political ideas that we have with this tradition, the better.

The notion of positive liberty is included in this document. Indeed, it could be argued that the political tradition of America was originally a kind of negative liberty, to restrict the power of government over the individual. The first 12 amendments to our constitution do that. But with Lincoln, with the Civil War, with the struggle against slavery, the power of government was enlisted to defend the rights of citizens. And subsequent amendments to our constitution spoke of "Congress shall have the power to" in order to defend those rights. It is a concept of positive liberty that we can identify with Lincoln, and subsequently in the defense of the poor with Roosevelt, and so forth. There is a rich tradition and a language there.

I wonder whether, in this sense, we can identify with a tradition that is so broad, and try to articulate it and reconcile it with the tradition of social democracy. Whether indeed social democracy can become not, as Penn suggested earlier, some element, some strand of thought within a big tent that is vaguely called "liberalism," but a big tent itself which would have within it a labor group that sees a unique role for the labor movement, but also a communitarian group, a neo-conservative group. People who live and breathe democracy, who feel that it is the central value that has to be defended in the world. As Leszek Kolakowski said at our convention in 1978, we defend very different values at times, some of which may be in competition with each other. And it is the unique role of social democrats somehow to try to make the compromises between these values. Between economic progress and environmentalism. Between liberty and democracy. Between majority rights and minority rights. Between a concept of Americanism which brings people together and

also a concept of ethnic identity which recognizes the unique values that different groups bring to this society.

If we can do that, we can have a sense of mission, of identity, the proper kind of symbolism which is very important that can appeal to the American people. And we can have as the mission of groups such as this, at a period when many Americans are worried about the American tradition, reclaiming that tradition and translating it into terms that are relevant to the 21st century. ♦



THE COMMUNITY

*Suzanne Goldsmith
Penn Kemble
Michael Meyers
Discussion*

Suzanne Goldsmith

Suzanne Goldsmith is the director of the community service project of the American Alliance for Rights and Responsibilities, a communitarian public interest group. She recently completed a book about her experience as a participant-observer in City Year, a youth community service corps in Boston. Prior to joining City Year, Ms. Goldsmith worked for three years at the New York City Volunteer Corps, where she supervised young people in full-time community work.

I read the discussion paper with delight and tremendous enthusiasm, especially for the many references to the need to promote responsibility, to inculcate a stronger civic culture, and to revive a unifying sense of citizenship. We must continue to defend individual rights. But when extreme rights assertions challenge community well-being, someone must be willing to talk for the responsibility side of the equation. Fred Siegel made that point eloquently today. The American Alliance for Rights and Responsibilities has defended community service requirements for schools in Maryland and Pennsylvania. We have defended ordinances that

promote civility in public spaces. We have spoken up for wider latitude for communities seeking new ways to combat violent drug markets.

The field of national service, which received passing reference in the discussion paper, touches on many of the themes in the paper. I want to discuss the role that service can play in building community. Service brings people together in shared tasks, it teaches responsibility, it teaches the skills and habits of participatory democracy, and it promotes communication and shared values across racial and social barriers.

I envision a national service program that is both more specific and more comprehensive than that outlined in the discussion paper. First, we need to develop and reinforce service opportunities at every stage of life. Elementary school students can combine academic work with projects that benefit the community such as testing water samples from a stream and helping to clean up the stream. English classes can write to elderly people in a nursing home. There should also be incentives for retirees to do service. We need to make public service as much a part of citizenship as voting.

Some argue that you can't force altruism. But this isn't about altruism, it's about civic responsibility. Service has another benefit, and I think that this one may be if not forced, at least encouraged. It can help participants learn how to build a more inclusive kind of community. We should ask young people to serve a year of full time service. But we shouldn't just send them off to individual service placements. Instead we should ask young people to get involved in a national service corps, a domestic peace corps where they would work in diverse teams, made up of people of different races, and ethnic and social backgrounds.

In 1990 and 1991, I was a member of such a team in a program in Boston called City Year, a youth service corps that was created as a testing ground for national service. City Year started out with only private funding. Later it received a \$7 million grant from the federal government and it got a lot of attention from the Clinton Transition Team.



There were 12 of us on my team. They were black, white, Asian and Hispanic. The team included a college sophomore of Korean descent who had grown up in a wealthy suburb, a Burmese immigrant, a white public school graduate and former skin head, a black gang member and convicted drug dealer who had recently gotten out of jail, a black

woman from a middle class family who is now studying at Harvard. During our service together, we rebuilt a playground and community garden in a new configuration to keep out drug dealers who had been terrorizing the neighborhood. We served as teachers' aides in a public elementary school where the classrooms were overcrowded. We organized a community clean-up day in a dispirited neighborhood, and we gutted and rehabilitated a brownstone to create transitional housing for homeless people.

In response to the concerns Al Shanker raised, we need only look around to see there is a lot of work not being done, and there are a lot of things people can do without displacing workers.

The work we did was dirty, bruising and emotionally draining. But it was useful and it made us feel good. And everyone on the team came away with an enhanced sense of his or her ability to affect change, especially through cooperative efforts. That knowledge brought with it a sense of responsibility. Each person knew that skipping work, for example, would result not only in lost pay and possible disciplinary action, but would slow the work we all were doing and would also hurt the team.

The most important lesson we learned, however, was about building community. Some of us, myself included, went in quite misty-eyed about the prospects of finding commonality and making friends with people we would otherwise never meet. That mist cleared pretty quickly. We did not all love each other. Some of us didn't even like each other. There were some brutal disputes within the team. And some enduring tensions arose from both personality and racial and cultural differences. Not everyone completed the program. But by the time we finished, there was no denying what we had all shared. Each person had come to seem critical to the group's functioning. We had watched each other's backs in dangerous neighborhoods. We comforted each other in moments of frustration. We knew each other's ticks, mannerisms, and family stories. Each person had a chance to reveal some unique talent and some unique failing. We had seen how the stereotypes fit and we had been around long enough to see how they didn't. Finally, we had to acknowledge the contribution each person had made to our mutual accomplishments. Like veterans of a moral war, each person on that team will look back on that year proudly as one in which he or she did real and important work. And we will remember the intimacy we

shared with the people who were in the trenches with us.

Would we care more about the conditions of the deteriorating inner cities if we knew our children would go off to serve there despite our best efforts to insulate them? Wouldn't we feel more connection to and understanding of the problems of unwed mothers, of middle class children struggling to pay for college, of rich kids from broken homes, foster children and gang members if such people had served along side us in national service? We spend a lot of time moaning about the loss of community in America. The word is so overused that it seems to have lost any real meaning. What it seems to represent to many people is some vague time when we didn't have to lock our cars.

But in fact, as Michael Novak pointed out, we all have communities. Our families, our churches, our neighborhoods, the people we work with, and perhaps the members of our ethnic or racial group. The problem is that these communities too rarely see themselves as intersecting with one another. They see themselves as competing with one another, armed with unequal weapons. We have only to remember the riots in L.A. to know how dangerous that can be. But communities don't need to be built only of groups of friends or people of similar styles and tastes, or people who live on the same street or worship the same god or immigrated from the same country or want the same things from the government. To enjoy community, people only need to feel they are part of something bigger than themselves, a shared goal or enterprise. To build community doesn't require looking at others and saying they're just like me. It requires only the ability to look at someone and see him as a potential partner in a shared enterprise. We can learn to do that through service. And for that reason,

if there's to be a new social contract, an obligation to perform citizen service should be at the center. ♦

Penn Kemble

At the time of the conference, Penn Kemble was Senior Associate at Freedom House. Presently, he is Deputy Director of the United States Information Agency (USIA). He has served on the Board of Directors of the National Democratic Institute for International Affairs and the Board of International Broadcasting which oversees Radio Free Europe and Radio Liberty. Mr. Kemble was special assistant to Senator Daniel Patrick Moynihan and a staff assistant to Bayard Rustin for the 1963 March on Washington.

I want to talk extemporaneously about the experience I have from working in the social democratic movement and why, in my view, it is movements like ours that make a profound contribution to the strengthening of community and to the inculcation and defense of moral values in democratic society.

Amitai Etzioni made an important statement to set the stage for our discussion. He said that until the late 1950s, there was a structure of values and authority in the United States. It was one that we might justifiably contest on many points. It certainly didn't provide full rights for minorities, for women, all sorts of injustices were embedded in this structure. But there was, nevertheless, a structure and it worked to the extent that there was law and order, the streets were relatively safe,

and people more or less knew where one another stood and were able to conduct themselves according to certain established rules of decency and civility.

Toward the end of the 1950s, that began to break down. I don't know exactly why. It's one of those recurrent cycles of flaming youth that we have in free societies, and surely it had something to do with the fact that our people had been through a long, difficult period of depression and war and cold war and there was an impulse in the country to "have a fling." It also, I'm sure, had profound social and economic causes, which are far deeper than I can hope to probe.

About the time many of us were coming of age, we saw a tremendous cultural upheaval in society. I myself think that one of the first manifestations was the so-called Playboy ethic. It was something that didn't express itself so much as a shift in social morality as a shift in personal morality. I've often made the argument that the modern feminist movement really began when the Playboy ethic became vogue among men who came to feel that it was perfectly acceptable to throw over your wife and family and get involved in other kinds of relationships. I think it was Betty Friedan, in the *The Feminist Mystique*, who discussed her own experience as the victim of the Playboy ethic. A whole movement grew up among suburban and affluent women who felt that they stood in great danger of losing their homesteads, their families, and needed to develop greater economic freedom and capability to stand on their own two feet.

At the same time as this change in sexual mores was taking place, the black freedom movement swept onto the scene. I always felt that white society had a profound effect on the culture that attended the eruption of black America into the mainstream of our society.

Whites were looking for a more liberal (in the philosophic sense) style of life; they wanted to throw away constraint, to kick up their heels. They took the black experience and shaped it into something that they felt would justify and further their own cultural impulses.

As this cultural revolution went forward, many people who had been raised in the old left, including many communists, were quite appalled by it. I remember being in many youth activities in the '60s with Red Diaper babies. They were very severe, disciplined, responsible political operatives, and they were astounded at what was going on in SDS -- the drugs, the sleeping around. But it didn't take long before at least some people on the left began to accommodate to this. And to begin to think of it as a kind of revolutionary phase, the breakdown of bourgeois society that ought to be tolerated and perhaps even encouraged as a way of moving revolutionary change forward.



We in our own small movement had to contend with all this. We were in the Young Peoples Socialist League. We were active in the civil rights movement. I remember the tremendous shock we felt as the culture began to change around us. I remember very vividly, for example, being active in the rent strikes going on in New York City. We had scores of low income people putting their rent money into escrow funds, and we had some \$80,000 in the bank. We were terrified that the people

collecting this money would begin to do things that would lose it and we would be mortally embarrassed because we had taken these people into our trust and then betrayed them.

I remember the first time in Frontlash when we were able to get credit cards, and the difficulties we had with people coming into our movement from the culture of the New Left who took the credit cards and began to run up some unauthorized expenses. And I remember the terrible problems we had when we raised money from trade unions and from old timers in the movement to put on educational meetings and then found that people who came to them wanted to spend a lot of time smoking pot or getting drunk. It didn't take long for some of us to get the reputation of being the neo-fascists of the movement because we would insist on responsibility, that we had to conduct ourselves in these events in sensible ways, and that the purpose of all of this after all was to advance a political cause.

So we ourselves, in the course of the work we did in our own small world, had to learn a lot about what are today called the values of personal responsibility. And we did this in a very democratic way.

I would like to leap from this very particular experience to an attempt to answer Amitai Etzioni's conundrum. Yes, we have lost the old structures of authority and values in this society, and they can't be re-created from on high. But there is within the democratic experience, and in the effort to manage the affairs of society in a democratic way, the possibility to rediscover new ways of maintaining order and discipline and a sense of decency and responsibility. People such as Sidney Hook have tried to develop an ethics out of the democratic idea.

To come back and close with the problem of social disintegration and the breakdown of values in some quarters of our community today, particularly in areas that are afflicted by such things as crime and drugs, it seems to me that communitarianism may be some solution to this. But communitarianism also has to have a great stress on democracy. And if we are going to go out into the world of the 1990s and seek to revive a civic ethic and a sense of personal morality, that needs to be linked to two things. It needs to be linked to democracy, and it needs to be linked to the creation of organizations in communities at a grassroots level that will draw people in. We need to give the decent people, the people President Clinton says abide by the rules and work hard, instruments whereby they can resist the breakdown and sometimes the delinquency that afflicts them. It is on that theme that rests the argument for a kind of broad, grassroots social democratic movement as an instrument for reviving civic and personal value in the country.

So democracy, grass roots organization and responsibility provide some solution to the breakdown of the old structures that Amitai Etzioni referred to. ♦

Michael Meyers

Michael Meyers is a co-founder and executive director of the New York Civil Rights Coalition. Prior to this position, he served as special assistant to the Chancellor of the New Jersey Department of Higher Education and as assistant director under Roy Wilkins and Benjamin Hooks of the National Association for the Advancement of Colored People (NAACP).

The discussion paper was both easy and difficult reading. Easy because it was well written, thoughtful and optimistic. Difficult because the ideas flowed too easily, because the thoughts were so clear and provocative, and because the tone was too optimistic. Let me contribute my fuzziness and some pessimism to your discussion.

I believe that in addition to taxation concerns and our assessment of democratic institutions, and of every democrat's right of passage from poverty to the ranks of the rich and scandalous, we must attempt to understand the nature of racial ambivalence, including such concepts as guilt, hate, moral confusion and conflict, and value education. Also we must understand the role of leadership, particularly with relationship to gradualism and other forms of equivocation and ambiguity that are usually associated with politicians and the guardians of our legal and decision-making processes.

I speak not as a psychologist, but one whose discipline is the law, and as a civil rights activist and self-appointed advocate of the interests of poor and powerless people. Like good government groups, we in the civil rights community are career outsiders. Before, during and after every election we criticize and we cajole. We have invented a word to make us feel comfortable about our outhouse status: non-partisan. We have criticized at the national level, in my memory, John Kennedy, Lyndon Johnson, Walter Mondale, George McGovern, Richard Nixon, Jimmy Carter and, God knows, Ronald Reagan and certainly George Bush. We have already begun to do our number on Bill Clinton.

This is not to say all who are associated with such civil rights causes are guilty of such preoccupation with

being unfashionable, and non-establishmentarian. Indeed, increasingly, civil rights leaders are joining the ranks of politicians. Jesse Jackson is one recent example, as is Ron Brown. Eleanor Holmes Norton is also a good example. Al Sharpton is yet another kind of example, not to overlook Marion Barry. The president of the New York State NAACP is a national Democratic

Party bigwig and a political ally of Governor Cuomo and an employee of Mayor David Dinkins. Our preachers too have become politicians, even as our politicians have become preachers.



Indeed, emotionalism, especially when it plays on traditional concepts of victimization, has a strong influence on the constituencies of both politicians

and preachers. Camouflaged as self-help, self-determination, community renewal and the like, sloganeering, especially racial sloganeering, is a powerful and potentially destructive force. "Buy Black," for example, is not to all a racist concept, unless you place the slogan, the sign, in the face of a Korean merchant in a largely black community during a boycott of Korean shops. Those who rationalize such sloganeering as a strategy for self sufficiency, also see it as their answer to the slogan, "No More Welfare" -- code words that suggest that blacks have become too dependent on government welfare programs.

Few regard the phrase "No More Welfare" as a demand that government stop subsidizing major

corporations and favorite nation states. Indeed, it is curious but also predictable, given Americans historic ambivalence toward race, toward skin color, that scholars and politicians and community leaders and preachers would all join forces in urging blacks to bring about better and more responsible behavior among their members. But no such demand is made of whites as a group, for the miscreant behavior of individuals who are identified in our social construct as Caucasians. Roy Wilkins put it this way: "The decent adult behavior of the many is forgotten in the loud, profane and obscure language of one Negro drunk on a bus or a subway train." Snap group judgements, stereotyping and scapegoating contaminate our public discourse and governmental administration.

Finally, we must develop a compelling literature about what I call "democratic racism." We must do so if we are to understand and to develop strategies for effectively counteracting hypocrisy and double talk, which fuel cynicism, defeatism and anger on the part of those who are not privileged, not rich, not equal opportunity beneficiaries. To them, all the rancor about quotas is a vociferous debate over tokenism and gradualism. There is much opposition to quotas, little opposition to tokenism.

The homeless, the jobless, the hungry, the powerless, the functional illiterates, the babies, children and adults who are dying of AIDS are not to be saved through tokenism, through gradualism, through public relations techniques of mollifying the electorate. Sloganeering about self-help, self-determination, and family values only demeans and exploits their plight.

I said something like this recently about the social conditions of New York City and the ethnic polarization

there. I said that it is of course important for leaders to condemn racism, but that verbal posturing is inadequate, is insufficient.

The task of concerned citizens and especially social democrats like yourselves is to analyze, to agitate, to resist all invitations to be co-opted, to engage in gimmickry, to engage in flamboyant, rhetorical public relations charades. Social democrats should be willing to examine the prestige needs of some human beings who are preoccupied with gaining and maintaining superiority over other human beings based on race, color, nationality, ethnicity, religion, gender or sexual orientation. If you do not address this problem directly, then hypocrisy and equivocation will be the order of the day, and we will be discussing the same problems of social justice and social responsibility in the same old dysfunctional ways, without substantial clues to real solutions. ♦

Discussion

Miro Todorovich: Sidney Hook taught me the value of overviews. Before this overview, I want to make a short semantic digression on the term "new industrial revolution." Yes, there is a revolution going on, but it is a question whether "industrial" is the right name. The first one started when, due to the discoveries of science, the harnessing of the inanimate parts of nature extended the muscle of human beings and profoundly altered the capabilities that we could put at the disposal of humanity. But what we are now facing is no longer the extension of the muscle but the extension of the capability of control of the muscle, or communications. The first revolution created something analogous to the

dinosaur world, big things of huge size and strength, but of a relatively slow, diffuse brain, and when things got tough, the dinosaur disappeared. What inherited the world were new creatures that developed their brain far beyond what could have been before. With the advent of cybernetics and computers, we are at the threshold of having such an absolutely fantastic opening, if we are only willing to take it open-mindedly and not simply try to apply old methods to a very new and unforeseen situation.

Now, to the Hookian comment. I think that if Sidney Hook were here he would point out that the collapse of central direction of the economy in the Eastern bloc and some other countries could be tied to the impossibility of creating an absolutely scientific understanding of the movement of social forces. Hard scientists in the technical world have created a little island of certainty where physical and mathematical laws work. But to believe that the same sort of certainty can be accomplished in human, natural interactions, and to try to enforce this, can lead again to tensions and problems that we have witnessed in the last 50 years of this century. So we should be cautious against anyone who offers a very simple solution.

A second point made here is that there is a distrust of old forms, and that a participatory democracy could substitute. Every one presses a button in an election day by day, and that determines the future of our society. Experience again says that structured organisms with distributed functions, then bound together, are usually much more successful than a total diffusion of responsibility and power.

One thing that was not mentioned is that there is today an emerging cleavage between some who have been

dedicated to the betterment of the human condition, and some who think that there is a great danger for planet earth from such conditions. Groups like the one gathered here can work to carefully analyze the problems and try to guide the future towards a comparative work rather than a contradictory confrontation.

David Jessup: Neither the panelists nor the paper gives voice to the degree of alarm that I know I feel and I think a lot of Americans feel about the breakdown of basic human values and the consequences it is having in some segments of the community. The thing that was the last straw for me was the killing of the public school principal in New York. We sit here talking about this civic program or that service opportunity, but they all presuppose a basic fundamental degree of socialization that I'm not sure is there for a growing number of young people in our society. These are kids being raised without families, and they are in turn producing other kids without the benefit of a basic family structure. It's scary, and I don't hear anyone talking about it.

Fred Siegel: There are two elementary schools in Redhook, the area where the public school principal was killed. The schools are demographically indistinguishable. They are indistinguishable in terms of the economic support they get. The only difference was this principal. In the school headed by him, there was a very high graduation rate, there was relatively little disorder in the halls, and kids went on to be fairly successful. The other school is a disaster. Leadership counts.

A while ago I interviewed a woman who was the leader of the tenants rights movement in the Redhook Projects, and here I'm sure Michael and I will disagree.

She became the leader of the movement in the 1960s to eliminate the role of the manager, to eliminate the rules against walking on the lawn. It's hard to remember that 25 years ago, you could be fined in the projects if you walked on the lawn. I lived in very similar projects as a kid, and I remember being fined. There were a variety of fines for writing in the elevator, for tipping over the garbage pails, etc. As part of what she now thinks was a mistaken part of the civil rights movement, there was an attempt to eliminate all constraints, all impositions of authority in the projects on the grounds that, because sometimes they were applied unequally, they were remnants of a past order. They should all be swept away and the Age of Aquarius would arrive. Lo and behold, 20 years later, she is fighting to reinstitute those same rules and regulations.

Having accomplished, to some extent, the breakdown of racist laws, it is now necessary to recreate a sense of shared, legitimate authority in public space. Otherwise, everyone who can leave those spaces will flee. She says the upshot of the elimination of the rules and regulations was that the people who remained were left at the mercy of the toughest and meanest people in the projects. So the elimination of unfair laws produced lawlessness itself. She says that the higher synthesis now has to be authority which is egalitarian and race neutral, but which recognizes the elementary need for order and socialization.

Michael Meyers: Some see this problem as a breakdown of family and family values. I don't see it as that simple. I don't see this problem as one of rules. I do believe that the poor also have rights under the constitution and government should not begin to

promulgate rules that would be overly intrusive on their right of privacy. For example, I remember the days for people on welfare when investigators came to your home, and you couldn't have a telephone, a t.v., a man in the house. So poor people had to hide their telephones; they had to subject their human dignity to the viscidities of government regulators who believed they were undeservedly receiving government money. I think the problem is larger than one of rules and regulation of the poor. The problem is a larger cultural, a larger societal problem, and there's not a color to that problem. Teenage pregnancy is not a black problem or a brown problem. People who have money and who have a middle class status have a different way of negotiating a teenage pregnancy and different ways of preventing it. We're living in a society of "hasta la vista, baby." It's an invitation to violence and recklessness all over the country. We have college students who turn on their professors. We have a fascination with the Amy Fishers of the world. But do we have similar discussions about her family structure and her family break down?

Fred Siegel: Yes.

Michael Meyers: I don't think the discussion is identical. But we are living in a world that is not dissimilar to previous eras, of wanton violence, of the Caligulas of the world, of people who have no sense of decency. We have to control our society by getting the best, rather than the worst, out of our children. Our children are really mocking and mimicking the worst passions and the worst behaviors of adults. Adults have a role to play in terms of changing that kind of behavior and encouraging positive behavior. I don't think Fred

and I will always disagree about what kind of rules are needed. But I do not think that the poor, because they are poor, should be deprived of the constitutional rights that we apply to everyone else.

Suzanne Goldsmith: I don't necessarily see the same widespread breakdown of values. I think it's a problem of lack of a voice, a moral voice for the rest of the people. If you work with young people in the inner city, you find that there are a few who are violent, and their actions are magnified by drugs and by guns. The rest of the young people have pretty strong moral values. But they don't feel that there's any legitimacy to speaking about them or to speaking out against the others, the minority. We need to restore some of the legitimacy to that discussion by talking about values. The great triumph of individualism has been that we think we have to accept any kind of behavior and it's bad to speak against it. But that isn't necessarily the case, and with leadership, we can fight that.

Ronald Radosh: The theme of this conference is the relevance of social democracy. Marty Lipset began his talk by suggesting that social democracy is meaningless. As he said, socialist leaders in Europe have essentially all adopted market capitalism and at best, as Henry Grunwald wrote in *Time* magazine, social democracy is capitalism with a human face. Leszek Kolakowski, in a speech he gave last year at Columbia University, said that marxism has proven to be the most fallacious theory of the 19th and 20th centuries and for better or worse, the socialist project is dead. But, he said, social democracy lives on as an animating spirit responsible for some of the great, humanitarian social, economic and

political reforms of the 20th century. And in that sense, he said, while socialism is dead, social democracy still plays a vital role.

I thought Marty Lipset might like to comment on that, and to tie it in with what Penn said about the labor movement. Many of us in this room were raised on the tradition that America already had social democracy in the AFL-CIO, the American labor movement. I think it is still a valid point, that there can be no major political or social reform without the commitment and the participation of the American labor movement. I would like Will Marshall to comment. He denied any great divergence between or negative animus toward unionism. Possibly not on his part, but Joe Klein, for example, has written that trade unionism is a reactionary force in America. And Joe Klein was the first Clintonite journalist. Once a member of the old left, from the same Red Diaper tradition as some of us, he now sees unions as a reactionary force, and writing from a DLC perspective, he attacks labor unions regularly. Does Marty Lipset think that unions are reactionary, or that social democracy is passé? Or is Kolakowski correct in saying that there is still a vital social democratic tradition.

Seymour Martin Lipset: I don't think unionism is reactionary. Daniel Bell made the point that trade unions have two roles. We speak of the trade unions as a movement. On the one hand, they are organizations that seek to get as much as they can for their members. But, in spite of how self-interested the unions are, they have accepted or been given a role as defender of the underdog in society. So, for example, even when people were attacking it in the old days for not having black

officers except for A. Philip Randolph, and not having women officers, the AFL-CIO nevertheless endorsed almost every civil rights and women's rights measure.

So you have what is sometimes a contradiction. The labor movement is inherently on the side of equality because it is perceived, and its only legitimization is as an organization of people who are underdogs -- even though some members may as individuals be fairly affluent. This ties into the sense that while the class struggle in the marxian sense never really existed, there always has been an inherent tension, and that is the relation of stratification. As you go down the social order, people want more for themselves and they struggle for equality. Conversely, other people want to keep what they have. If you look at how people vote, there is always a strong correlation between people's income or education or occupation and how they vote. There was in 1992. The more well-to-do people are, the more likely they were to vote Republican. The less well-to-do, the more likely they were to vote Democratic. Obviously, these are only correlations. As we used to say, there are rich communists and poor reactionaries. But basically, there are the people who have and want to keep what they have, and the people who don't have.

Some people found it confusing in the former Soviet Union to talk of the communists as the right, as the conservatives, and to talk of the people who advocated free enterprise and were in fact Reaganites as the left. This language was correct. If you go back to the original liberal-conservative dimension in the 19th century, it worked this way. People who want to maintain the status quo, to maintain privilege are defined as conservatives, or the right.

In that sense, social democracy is a term for this more egalitarian, and as I said earlier today, this more democratic ethos. But when one says that's what it is, you give it a lot of credit, but it doesn't mean very much. The question of what made social democracy a movement was a very integrated ideology, which originally stemmed from marxism, then was modified, but was still of social transformation towards something called a socialist society. While the nature of it was modified (it wasn't going to be all government ownership, it was going to be partial government ownership, planning was going to vary, etc.), basically it was a movement in the statist direction. And this is something we no longer believe. While we still want to use the state where necessary to help solve certain problems, we've changed our whole orientation toward it. That raises the question whether it is still the same movement, whether you still can talk of the same ideology.

One last point. Carl Gershman referred to Sampson and his notions of socialism and Americanism. In fact, what Sampson said is that, property relations apart (and it's a big apart), Americanism and socialism were identical. In his book that came out in 1933 when he was a left wing member of the Socialist Party, Sampson had two columns to show that Americanism and socialism were similar. On one side, he had a series of statements from prominent Americans. On the other side, he had statements from Marx, Engels, Lenin and Stalin. The point was to show that their idea of the good society was the same. You might think he quoted Americans like Jefferson, Lincoln, Roosevelt. He didn't. He quoted Herbert Hoover, Andrew Mellon, John D. Rockefeller. They talked about a classless society, about equality of opportunity.

Sampson's point was that conservatives in America had an image of the good society that no conservative did in Europe, where they have the hierarchal and aristocratic tradition linked to conservatism. But Americanism, whether left or right, encompasses the notion of an egalitarian, equality-of-opportunity society. That when American leftists and American rightists (rightists including people like Ronald Reagan and Herbert Hoover) disagree, it is not over whether to have equality of opportunity, not whether it is reactionary to inherit wealth, etc., but the means to get there. One thinks you can do it by the free market system, and the other that you need a certain degree of government intervention.

But the other part of Americanism that really screwed up the socialists was that Americans are classically anti-state. The American ideology, the American tradition is an anti-state tradition. The American labor movement was anti-state. Samuel Gompers used to say that what the state gives, the state can take away, so workers can rely only on themselves. The state as an employer is much more difficult to deal with than a private employer, and therefore Gompers didn't want the state as an employer. He wanted to deal with the private employer. The AFL was never conservative. That's one of the great misnomers. The AFL was more militant than European unions. Its strike record was more extensive. It engaged in violence more than European, socialist unions. The AFL was syndicalist. And the IWW wasn't socialist, it was anarcho-syndicalist. Both the AFL and the IWW were against the state. They were for the workers, but against the state.

One of the big problems of socialist movements in America is that Americans have never trusted the state. Americans have been, in lawyer's language, classically suspicious of the state, which I think is a good thing. Social Democrats, USA is also very suspicious of the state. But the term social democratic is still linked to the idea of a statist movement, to a movement that relies on the state. I don't know if we should call ourselves a syndicalist movement. Maybe that would be a cure-all.

Penn Kemble: Marty approaches this in a very Olympian way as he should as an academic analyst. But there are very significant ways in which people such as we here in this room can define and redefine what social democracy means, and I think that's what the exercise with this paper is really about. It may be that in the U.S. and elsewhere, there is a changing attitude on some of these things. In the last few months, I've had dinner with Ricardo Lagos, the Chilean socialist leader, and with Karsten Voigt of the German SPD. We showed them our paper and they said, yes a lot of these things are the things we're talking about too. We find ourselves moving in the same direction as Bill Clinton on many of these issues. So I don't think these definitions are necessarily fixed forever.

The experiences we've had in the last 20 years or so have shown that small groups of people who worked on refining their ideas and maintained close relationships with one another have had immense effect on American politics. That was true of the New Left of the early '60s. It was true of the New Right. And I think it's reasonable to expect that that's going to be the case in the future. So a movement such as ours, though it may be small, if it develops a clear sense of what it wants and maintains

the kind of functional unity that enables it to get its ideas across, could have a very big effect, even on such grand issues as "what is social democracy."

Will Marshall: First I want to disclaim any responsibility for Joe Klein. Certainly we see eye to eye on some things, but I don't want to take any responsibility for those particular comments he made. I know where Joe and I would agree is on the nexus of public bureaucracy and union power and how that often stands in the way of reforms we think are essential to revive municipal governance in the first instance, and to revive faith in progressive governance among the taxpayers who see their money taken for purposes that don't seem to be advancing any common purpose.

I don't think Marty's comments were Olympian at all. I think they got right to the point, and that is if the transcendent purpose with which unionism has always been associated no longer obtains today, then what is that purpose? And if the union movement is unable to articulate it or define it, then why shouldn't people assume that actions taken, policies supported and innovations opposed are part of an effort to maintain powers, privileges, positions won over decades of struggle? Reactionary is strong language. But when one gets involved in the business of peddling ideas, as I have been in the last several years, innovations like national service, public school choice, welfare reform, some of the reinventing government ideas which include, but are by no means limited to privatization, one keeps butting one's head against union resistance.

I understand it. People's jobs are on the line; people are threatened. There has been a climate in the country that has been hostile. I don't think the animus

has come from us. But it certainly has come from the Reagan right. I suppose that the question I want to raise is: on whose back is the monkey? Who is responsible for defining the transcendent purpose with which unionism today is associated, the broader, progressive purpose, the vision of the common good that, by advancing its agenda, it advances? We should be part of that, but we have to do that with others.

Michael Meyers: Joe Klein defines greed and corruption as unionism. I think the real point is how does unionism define itself. And if unionism becomes corrupted by race, by self-preservation, by parochialism, then that will present a problem for its survival. But unionism is and can be a great force for positive change, whether in the public sector or the private sector, because it has a concern for due process, it has a concern for fair wages and equal opportunity. However, it's living in a democratic, conflicted and convoluted environment. I think that requires unionism to define itself perpetually as one of the positive forces and not one of the negative ones.

Hershel Elias: Mr. Meyers, how can you say that talking about family values is destructive and demeaning to minorities?

Michael Meyers: It's sloganeering.

Hershel Elias: My father is Hispanic, and if he were brought up today, with the breakdown in family values now in the barrios, he never would have advanced. If anything, it should be the minorities who call for more

law and order and more values, because they are the ones who can't escape the ghettos and the barrios.

Michael Meyers: As Suzanne has already said, the majority of minorities are for law and order. The majority of minorities have good, positive values. It's a small minority of blacks, a small minority of Hispanics, a small minority of whites who are socially dysfunctional.

Hershel Elias: That's right, but they have taken over the public schools right now. I teach in one of the better public schools in Philadelphia. There is violence all over, and there's no way students can learn.

Michael Meyers: That's not a color problem.

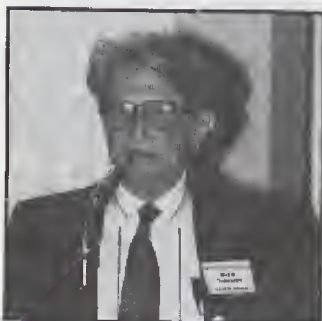
Hershel Elias: It's a cultural problem. It's also a class problem. If my father were growing up today in the same neighborhood in East New York, there's no way he would have gotten the fine education that he did, and there's no way he would have been able to escape the barrio.

Michael Meyers: Culture is not synonymous with color.

Ronald Radosh: We have certainly raised a whole series of questions that we must continue to explore. I want to thank you all for participating in this important exchange and invite you to continue the dialogue with us.

♦





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- our economy -- globalization and the limited power of nation-states, new technology and the changing nature of work, the increasing concentration of wealth, the relationship between government and the market economy;
- our polity -- what are "special interests," what are citizens' responsibilities beyond voting, can campaign reform change the correspondence between wealth and power, do we need a grassroots movement;
- our community -- what is the relationship between rights and responsibilities, do we need a new "social contract," how should our institutions respond to a multicultural population?

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